

**NLWJC - KAGAN**

**EMAILS CREATED**

**ARMS - BOX 004 - FOLDER 001**

**[7/29/1997 - 8/2/1997]**

# Withdrawal/Redaction Sheet

## Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. email	Elena Kagan to Laura Emmett re: Personal (2 pages)	07/31/1997	Personal Misfile
002. email	Elena Kagan to Todd Stern re: Twofer (1 page)	08/02/1997	P6/b(6)

### COLLECTION:

Clinton Presidential Records  
Automated Records Management System (Email)  
OPD ([From Elena Kagan])  
OA/Box Number: 250000

### FOLDER TITLE:

[07/29/1997 - 08/02/1997]

2009-1006-F

db1588

### RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Elena Kagan ( CN=Elena Kagan/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME:29-JUL-1997 13:05:35.00

SUBJECT: Brady follow up meeting

TO: Laura Emmett ( CN=Laura Emmett/OU=WHO/O=EOP @ EOP [ WHO ] )

READ:UNKNOWN

TEXT:

----- Forwarded by Elena Kagan/OPD/EOP on 07/29/97 01:05 PM -----

Leanne A. Shimabukuro 07/29/97 01:03:46 PM

Record Type: Record

To: See the distribution list at the bottom of this message

cc:

Subject: Brady follow up meeting

The meeting is now scheduled for 11:00am this Friday in room 211.

Justice attendees: Kent Markus, Eldie Acheson, Andy Fois, Matt Levine, Mark Greenberg

Treasury attendees: David Medina, Steve McHale, Marc Goodman

Message Sent

To:

Michelle Crisci/WHO/EOP

Jose Cerda III/OPD/EOP

Elena Kagan/OPD/EOP

Laura Emmett/WHO/EOP

Karen A. Popp/WHO/EOP

Bruce N. Reed/OPD/EOP

Cathy R. Mays/OPD/EOP

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Elena Kagan ( CN=Elena Kagan/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME:29-JUL-1997 17:33:36.00

SUBJECT: Regional Administrators

TO: Laura Emmett ( CN=Laura Emmett/OU=WHO/O=EOP @ EOP [ WHO ] )

READ:UNKNOWN

TEXT:

----- Forwarded by Elena Kagan/OPD/EOP on 07/29/97 05:33  
PM -----

Kris M Balderston

07/23/97 09:41:03 PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP, Cathy R. Mays/OPD/EOP,  
Paul J. Weinstein Jr./OPD/EOP

CC:

Subject: Regional Administrators

The Administration's 150 political Regional Administrators will be in 450  
OEOB on Wednesday, July 30th from 9 to 5 for their annual WH brfg. The  
POTUS and FLOTUS will be addressing the group during the day. This would  
also be a great opportunity to meet the administrators and brief them on  
the DPC's initiatives for the upcoming year. We would like to invite you  
to address the group from 10-50 to 11.10 am on July 30th.

This group has been phenomenal in amplifying our message throughout the  
country. You may remember that this was the group that helped us set up  
100 satellite sites for the 0-3 conference. They stand ready to help us  
on other initiatives.

Hope you can make it.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Elena Kagan ( CN=Elena Kagan/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME:29-JUL-1997 19:16:42.00

SUBJECT: Re: TVA and IBEW

TO: Phillip Caplan ( CN=Phillip Caplan/OU=WHO/O=EOP @ EOP [ WHO ] )

READ:UNKNOWN

TEXT:

ann lewis from nec is probably your best bet.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Elena Kagan ( CN=Elena Kagan/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME:29-JUL-1997 15:47:12.00

SUBJECT: balanced budget materials

TO: Laura Emmett ( CN=Laura Emmett/OU=WHO/O=EOP @ EOP [ WHO ] )

READ:UNKNOWN

TEXT:

please print

----- Forwarded by Elena Kagan/OPD/EOP on 07/29/97 03:47 PM -----

Russell W. Horwitz

07/29/97 02:40:07 PM

Record Type: Record

To: See the distribution list at the bottom of this message

CC:

Subject: balanced budget materials

First document is a packet of background information on the balanced budget. Second is an internal 1-page talking points. If you want a packet geared for the press or independent organizations, call Sperling's office or the press office.

Message Sent

To:

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Lori L. Anderson/WHO/EOP  
Barry B. Anderson/OMB/EOP  
Brenda M. Anders/WHO/EOP  
Kenneth S. Apfel/OMB/EOP  
Eli G. Attie/WHO/EOP  
Donald A. Baer/WHO/EOP  
Kris M Balderston/WHO/EOP  
David S. Beaubaire/WHO/EOP  
Marsha E. Berry/WHO/EOP  
Sarah A. Bianchi/OMB/EOP  
Jill M. Blickstein/OMB/EOP  
Erskine B. Bowles/WHO/EOP  
Emily Bromberg/WHO/EOP  
Susan A. Brophy/WHO/EOP  
Rebecca A. Cameron/WHO/EOP  
Phillip Caplan/WHO/EOP  
Laura K. Capps/WHO/EOP  
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Sara M. Latham/WHO/EOP  
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Charles R. Marr/OPD/EOP  
Beverly J. Barnes/WHO/EOP  
Barbara D. Woolley/WHO/EOP  
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Aviva Steinberg/WHO/EOP  
William H. White Jr./WHO/EOP  
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Joseph M. Wire/OMB/EOP  
Lisa J. Levin/WHO/EOP  
Nicholas B. Kirkhorn/WHO/EOP  
Lynn G. Cutler/WHO/EOP  
Christopher J. Lavery/WHO/EOP  
Minyon Moore/WHO/EOP  
Craig T. Smith/WHO/EOP  
Karen E. Skelton/WHO/EOP  
Jeffrey A. Forbes/WHO/EOP  
Virginia M. Terzano/OVP @ OVP  
Lorraine A. Voles/OVP @ OVP  
Roger V. Salazar/OVP @ OVP  
Anne H. Lewis/OPD/EOP  
Daniel C. Tate/WHO/EOP  
Mickey Ibarra/WHO/EOP  
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Elizabeth R. Newman/WHO/EOP  
Emil E. Parker/OPD/EOP  
Leanne A. Shimabukuro/OPD/EOP  
Robert M. Shireman/OPD/EOP  
Robin J. Bachman/WHO/EOP  
Barbara Chow/WHO/EOP  
Ananias Blocker III/WHO/EOP  
Jonathan H. Schnur/OVP @ OVP  
Christopher R. Ulrich/OVP @ OVP

===== ATTACHMENT 1 =====  
ATT CREATION TIME/DATE: 0 00:00:00.00

## TEXT:

Unable to convert ARMS\_EXT:[ATTACH.D7]MAIL46677590W.216 to ASCII,  
The following is a HEX DUMP:

FF5750437B440000010A02010000000205000000105C010000020000EB73B4A0AB22E07C45B4D6  
F84FE0B95FE4B16054C6FA73EF31869824490017BFAA839C5C278DD6DC9D3B62FB4884CA9F43E7  
13B339984AC14D523B16DAF56DD968D7B7DA872DD0E3A5AFE0D123A032AF468F311987CB87EFEA



# **PRESIDENT CLINTON DELIVERS THE FIRST BALANCED BUDGET IN A GENERATION AND A MAINSTREAM TAX CUT**

- Roughly \$900 Billion in Net 10 Year Deficit Savings.**
- First Balanced Budget since 1969.**
- Largest Investment in Higher Education Since the G.I. Bill in 1945:**
  - \$1,500 HOPE Scholarship to Help Make Two Years of College Universally Available.**
  - 20% Tuition Tax Credit for College Juniors, Seniors, Graduate Students and Working Americans pursuing Lifelong Learning to upgrade their skills.**
- Single Largest Investment in Health Care for Children Since 1965.**
- A \$500 Per Child Tax Credit for Approximately 27 Million Families.**
- Critical Long-Term Entitlement Reforms -- Extends Solvency of Medicare Trust Fund for at Least a Decade.**
- Brownfields and Empowerment Zones Tax Incentives to Revitalize Our Nation's Distressed Areas.**
- A \$ 3 Billion Welfare-to-Work Jobs Initiative Targeted to High Poverty Areas.**
- Treats Legal Immigrants Fairly -- Restores Health and Disability Benefits.**

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## **THE FIRST BALANCED BUDGET IN A GENERATION**

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### **FIRST BALANCED BUDGET SINCE 1969**

- Net savings of roughly \$900 billion over ten years.**
- 1993 Economic Plan has cut the deficit more than 75% from \$290 billion in 1992 to \$67 billion or lower in 1997. This agreement finishes the job -- balances the budget in 2002 and puts the budget in surplus at least through 2007.**

### **SINGLE LARGEST INVESTMENT IN HEALTH CARE FOR CHILDREN SINCE THE PASSAGE OF MEDICAID IN 1965**

- An unprecedented \$24 billion for children's health care.**
- Guarantee of meaningful health coverage including full range of benefits to as many as 5 million uninsured children.**
- Provisions to ensure that states use this investment to provide health care coverage to children**

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**CRITICAL LONG-TERM ENTITLEMENT REFORMS**

- **Between \$400-\$450 billion in ten-year Medicare savings.**
- **Extends the life of the Medicare Trust Fund for at least a decade.**
- **Prepares Medicare for the 21st century -- more choice, competition, improved payment systems.**
- **\$4 billion in preventive benefits to fight diseases like breast cancer, diabetes & colon cancer.**
- **\$1.5 billion to help pay the premiums of low-income Medicare beneficiaries.**

**PROTECTS THE PRESIDENT’S CRITICAL DOMESTIC PRIORITIES.** The Budget Agreement, which will be enacted in the Appropriations bills in the fall, includes 99% of total amount of President’s 5-year Domestic Discretionary Budget.

- **Largest education investment in 30 years.**
- **Pell Grant expansion -- maximum grant increased to \$3,000.**

- **New child literacy initiative** consistent with President's America Reads.
- **Head Start expansion** -- on track to 1 million children in 2002.
- **Full funding for President's training budget**, including Job Corps.
- **President's FY 98 budget request for EPA Operating Budget**
- **National Park Service full funding** for operations budget, plus land acquisition and state assistance, and Everglades Restoration.
- **Superfund** -- clean-up of 500 toxic sites in next four years (if policies can be worked out).
- **COPS** -- funding on track to put 100,000 more police officers on streets by 2000, plus full funding for overall Violent Crime Reduction Trust Fund.

## **MOVES PEOPLE FROM WELFARE TO WORK & TREATS LEGAL IMMIGRANTS FAIRLY**

- **\$3 billion to help states and local communities move people from welfare to work.**
- **\$12 billion to restore both disability and health benefits for 350,000 legal immigrants** in 2002 who are currently receiving assistance or become disabled, ensuring that they will not be turned out of their apartments or nursing homes or otherwise helpless.
- **Preserves the minimum wage and other labor protections for welfare recipients moving from welfare to work.** Does not include the House-passed provision to leave workfare participants unprotected by the
- **Fair Labor Standards Act and other employment laws.** Protects workers from displacement by those leaving the welfare rolls, and establishes a strong process for workers to raise grievances with an independent agency.

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## **A MAINSTREAM TAX CUT**

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*On December 15, 1994, President Clinton proposed the Middle Class Bill of Rights, which included a \$500 Child Tax Credit, an expanded IRA to allow people to withdraw money tax-free and without penalty for education, and a tax deduction for post-high school education expenses. **Each of the President's proposals is included in this budget:***

### **A CHILD TAX CREDIT FOR APPROXIMATELY 27 MILLION FAMILIES.**

- **\$500 Per-Child Tax Credit for approximately 27 million families with 45 million children** under 17. The credit begins to phase out for couples with incomes above \$110,000.
- **13 million children from families with incomes below \$30,000 will receive the child tax credit -- up to 7.5 million\* more than would have under the Congressional plans.** Families earning under \$30,000 such as young teachers, police officers, farmers, and nurses who work hard and play by the rules will now receive the Child Tax Credit. \*Comparison to House passed bill; vs. Senate bill: 5.9 million.

### **A VICTORY FOR MIDDLE CLASS PARENTS TRYING TO PAY FOR THEIR CHILDREN'S COLLEGE AND FOR WORKING PEOPLE TRYING TO UPGRADE THEIR SKILLS.**

- **\$1,500 HOPE Scholarship to make the first two years of college universally available.** The final agreement includes the President's initiative to help make the 13th and 14th grades as universal as a high school diploma is today. Students will receive a scholarship of 100% on the first \$1,000 of tuition and fees and 50% on the second \$1,000.
- **20% Tuition Tax Credit for college juniors, seniors, graduate students and for working Americans pursuing lifelong learning to upgrade their skills.** The 20% credit will be applied to the first \$5,000 of qualified education expenses through 2002, and to the first \$10,000 thereafter. The President has long understood that the economy is changing and that people need the opportunity to enhance their skills throughout their working lives. This is why the President insisted on the 20% tuition tax credit that is in the final bill and was a major improvement over the bills passed by Congress.

### **TAX INCENTIVES TO REVITALIZE OUR NATION'S DISTRESSED URBAN AREAS.**

*A key component of the President's tax cutting agenda has been to spur economic activity in distressed areas of our nation's cities. This budget reflects the President's agenda:*

- **A New Tax Cut Plan Helps to Clean Up and Redevelop Brownfields.** The 3-year Brownfields tax incentive will reduce the cost of cleaning up thousands of contaminated, abandoned sites in economically distressed areas by permitting clean-up costs to be deducted immediately for tax purposes. This will, in turn, encourage redevelopment of these areas. *The Treasury Department estimates that this \$1.5 billion tax incentive would leverage more than \$6 billion for private sector cleanups nationwide, allowing redevelopment of 14,000 brownfields.*
- **New Empowerment Zones (EZs).** The budget includes a second-round of EZs -- 15 urban and 5 rural EZs. The new EZs will benefit from a different blend of tax credits from the first-round communities. For example, the EZs will be eligible for the Brownfields tax incentive, special expensing of business assets, and qualification for private-activity bonds.

## **HELPING MOVE PEOPLE FROM WELFARE TO WORK**

- **A Welfare to Work Tax Credit.** This provision will give employers an added incentive to hire long-term welfare recipients by providing a credit equal to 35% of the first \$10,000 in wages in the first year of employment, and 50% of the first \$10,000 in the second year, paid to new hires who have received welfare for an extended period. The credit is for two years per worker to encourage not only hiring but retention.
- **\$3 Billion to Help Move 1 Million People from Welfare to Work.** Includes President's proposal to create \$3 billion Welfare to Work Jobs Challenge to move long-term welfare recipients into lasting, unsubsidized jobs. These funds can be used for job creation, job placement and job retention efforts, including wage subsidies to private employers, and other critical post-employment support services. The Labor Department will provide oversight but the dollars will be placed in the hands of the localities who are on the front lines of the welfare reform effort.

Automated Records Management System  
Hex-Dump Conversion

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## **PRESIDENT CLINTON DELIVERS THE LARGEST SINGLE INVESTMENT IN CHILDREN'S HEALTH CARE SINCE THE PASSAGE OF MEDICAID IN 1965**

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*The President fought hard to ensure that the Budget Agreement includes \$24 billion to provide meaningful health care coverage to as many as five million of our nation's ten million uninsured children. This investment includes a meaningful benefits package, ensures that states use this money to cover uninsured children and not replace existing public or private spending, and guarantees adequate cost-*

- **INVESTS UNPRECEDENTED \$24 BILLION FOR UNINSURED CHILDREN.** The President insisted on increasing the investment for children's health from \$16 billion to \$24 billion by including revenue from a new tobacco tax. Because of the President's leadership, this budget will contain the largest children's health care budget increase since the enactment of Medicaid in 1965. Including these additional revenues in the children's health initiative will not only further reduce the number of uninsured children, but it will also serve as a financial barrier to help prevent our children from starting smoking in the first place.
- **ENSURES MEANINGFUL HEALTH CARE COVERAGE, WHILE ALLOWING STATES TO DESIGN THEIR OWN BENEFITS PACKAGES.** The President fought hard to ensure that this investment guarantees the full range of benefits -- from checkups to surgery -- that children need to grow up strong and healthy. The President also worked to ensure that prescription drugs, vision, hearing, and mental health coverage now offered at the state level are extended to millions of uninsured children.
- **GIVES STATES THE FLEXIBILITY TO DESIGN BENEFITS THAT MEET THEIR NEEDS.** States will be able to choose from any of four benefits packages: (1) the FEHPB model; (2) the benefits package of the most popular state HMO; (3) the state employee plan; and (4) the actuarial equivalent of any of the three stated benefit plans as long as prescription drugs, vision, hearing, and mental health services now offered in these plans are guaranteed to equal at least 75 percent of the value of these services.
- **SUPPLEMENTS, NOT SUPPLANTS, CURRENT HEALTH CARE COVERAGE.** Includes provisions to ensure that states provide health care coverage to children who do not currently have health insurance. It requires that states maintain their current Medicaid eligibility levels of spending to access Federal dollars to ensure that this investment is not used to replace public or private money that already covers children.
- **ENSURES ADEQUATE COST-SHARING PROTECTIONS.** The President fought to ensure that families are not forced to shoulder excessive costs for their children. The Agreement guarantees that families under 150 percent of poverty will be protected against overly burdensome cost sharing.

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## PRESIDENT CLINTON DELIVERS A \$500 CHILD TAX CREDIT FOR APPROXIMATELY 27 MILLION FAMILIES

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### MAIN FEATURES OF THE CHILD TAX CREDIT:

- **Age.** Covers children under 17.
- **Amount per child.** \$400 in 1998. \$500 thereafter.
- **Income limits.** Begins to be phased out for couples making over \$110,000 and for one parent families making over \$75,000.
- **"Stacking."** Child tax credit will be calculated or "stacked" before the EITC, and will therefore be available for the up to 7.5 million children in working families who have incomes below \$30,000 and who were denied the child tax credit under the congressional bills.
- **For families with more than two children -- Refundability to cover out-of-pocket income and payroll taxes.** Because many large families have little income tax liability, but pay significant out-of-pocket payroll taxes, the child tax credit for these families is partially refundable. These families will receive a child credit for their income taxes plus the extent to which their out-of-pocket (employee share) payroll taxes exceed their EITC.
- **Savings Incentive.** Taxpayers will be given the opportunity to contribute \$500 each year to an education Individual Retirement Account (IRA). Earnings would accumulate tax-free in the account, and no taxes will be due upon withdrawal for an approved purpose.

### A CHILD TAX CREDIT FOR FAMILIES WHO WORK HARD AND PAY TAXES.

**13 million children from families with incomes below \$30,000 will receive the child tax credit -- up to 7.5 million\* more than would have under the Congressional plans.** Families making under \$30,000 like young teachers, police officers, farmers, nurses and others who work hard and play by the rules will now receive the Child Tax Credit. \*Comparison to House passed bill; vs. Senate bill: 5.9 million.

**President Clinton worked to ensure that under any final agreement, these young parents would receive a child tax credit to make it easier for them to raise their children.**

*Consider a family of four with two small children: the father is a rookie police officer making \$23,000, and the mother has chosen to stay at home. Both congressional bills would have denied this family, and millions of others, the child tax credit. Under the final agreement, this family will receive a child tax credit of \$675.*

	President Clinton's Proposal	Agreement	House Bill	Senate Bill
Child Tax Credit for family of rookie police officer making \$23,000	\$767	\$675	\$0	\$0



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## ***PRESIDENT CLINTON DELIVERS EDUCATION TAX CUTS TO HELP MIDDLE CLASS FAMILIES PAY FOR COLLEGE***

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### **THE PRESIDENT'S HOPE SCHOLARSHIP AND TUITION TAX CREDIT**

From the beginning, promoting expanded educational opportunity has been the centerpiece of President Clinton's budget and his middle class tax cut proposal. Promoting education is the centerpiece of this final tax cut bill:

- **\$1,500 HOPE Scholarship to make the first two years of college universally available.** The final agreement includes the President's program to advance the goal of making the 13th and 14th grades as universally available as a high school diploma is today. Students will receive a scholarship of 100% on the first \$1,000 of tuition and fees and 50% on the second \$1,000.
- **20% Tuition Tax Credit for College Juniors, Seniors, Graduate Students and working Americans pursuing lifelong learning to upgrade their skills.** The 20% credit will be applied to the first \$5,000 of tuition and fees through 2002, and to the first \$10,000 thereafter. The President has long understood that the economy is changing and that people must have the opportunity to enhance their skills throughout their working lives. This is why the President insisted on the 20% tuition tax credit that is in the final bill and is a major improvement over the Congressionally-passed bills.

### **A SUMMARY OF ADDITIONAL EDUCATION TAX CUTS**

- ***Education and Retirement Savings Accounts.*** Allows penalty-free IRA withdrawals for undergraduate, post-secondary vocational, and graduate education expenses. Additionally, taxpayers are given the opportunity to deposit \$500 into an education IRA. Earnings would accumulate tax-free and no taxes will be due upon withdrawal for an approved purpose.
- ***Employer-Provided Education Benefits.*** Extends Section 127 of the tax code for three years, which allows workers to exclude \$5,250 of employer-provided undergraduate education benefits from their taxable income.
- ***Student Loan Interest Deduction.*** Allows a deduction for up to \$2,500 per year of interest on education loans for expenses of students enrolled at an institution of higher education. This deduction will be available even if the taxpayer does not itemize deductions.
- ***Community Service Loan Forgiveness.*** In most circumstances, a loan that is forgiven is considered income and is therefore taxable. To encourage programs that offer loan forgiveness to borrowers who take lower-paying, community-service jobs, the agreement excludes from taxable income both loan amounts forgiven through programs run by nonprofit tax-exempt charitable or educational institutions. Currently, the exclusion generally covers only certain forgiveness arrangements between students and government entities.
- ***Repeal Cap on Tax Exempt Bond Issuance by Colleges and Universities.*** Repeals the \$150 million bond cap that affects private higher education institutions and certain other charitable institutions. The repeal applies to tax-exempt bonds issued by these institutions to finance new capital expenditures.

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## PRESIDENT CLINTON DELIVERS A BUDGET THAT STRENGTHENS AND PRESERVES MEDICARE

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*The Budget Agreement preserves and strengthens the Medicare program, saving \$115 billion over five years and extending the life of the Medicare Trust Fund for at least ten years. It modernizes Medicare by including new market-oriented reforms that have proved successful in the private sector plus \$4 billion in new preventive benefits. As this agreement strengthens and preserves the Medicare program, it also creates a Medicare Commission to examine the long-term needs of the program so that Medicare will be prepared for the retirement of the baby boomers.*

- **SAVES APPROXIMATELY \$115 BILLION OVER FIVE YEARS.** Includes about \$115 billion in savings over five years and between \$400-\$450 billion over ten years.
- **EXTENDS THE LIFE OF THE MEDICARE TRUST FUND FOR AT LEAST TEN YEARS.** This agreement will keep Medicare solvent until at least 2007.
- **IMPLEMENTS NEW MARKET-ORIENTED REFORMS INCLUDING:**
  - (1) Empowering the Secretary of Health and Human Services to implement competitive market mechanisms;
  - (2) Opening up new options that offer more choice among competing health plans and have proven effective in the private sector, including Preferred Provider Organizations (PPOs) and Provider Sponsored Organizations (PSOs);
  - (3) Providing Americans with meaningful choices by reforming annual Medigap enrollment; and
  - (4) Building on Medicare's success in controlling hospital costs, restructuring the payment systems for home health, agencies, skilled nursing facilities and hospital outpatient departments so that rates are set in advance through a prospective payment system.
- **INCLUDES \$4 BILLION OVER FIVE YEARS FOR NEW PREVENTIVE BENEFITS.** Expanding coverage for mammograms and colorectal screening and improving self-management of diseases like diabetes.
- **ENSURES NEW PREMIUM PROTECTIONS FOR LOW-INCOME MEDICARE BENEFICIARIES.** The budget agreement invests \$1.5 billion over five years to pay the premiums for beneficiaries up to 135 percent of poverty. Beneficiaries over 135 percent of poverty to as high as 175 percent of poverty will get assistance as well.
- **TAKES STEPS TO ENSURE THAT VULNERABLE HOSPITALS ARE PROTECTED.** The Agreement reduces the Medicare Disproportionate Share Hospitals cut from \$2.4 billion in the Senate-passed bill to \$600 million over five years.
- **ESTABLISHES A MEDICARE COMMISSION.** The agreement creates a 17-member Medicare Commission which contains eight Democrats and eight Republicans and a Chair who will be selected jointly by the President and the Congressional leadership. The Commission will release a report in 1999 and require an 11 of 17 majority to ensure that its recommendations are bipartisan.

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## **THE BUDGET AGREEMENT PROTECTED THE PRESIDENT'S PRIORITY PROGRAMS, INCLUDING EDUCATION, ENVIRONMENT AND LAW ENFORCEMENT**

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*The Budget Agreement achieved 99% of the President's budget for non-defense discretionary spending over the next 5 years. While priority items are protected, there are \$61 billion of savings in non-defense discretionary outlays over the next 5 years -- a 10% real cut by 2002. These priorities will be ratified in the appropriations process under the budget agreement.*

### **LARGEST INCREASE IN EDUCATION INVESTMENT IN 30 YEARS**

The budget agreement endorsed President Clinton's overall plan for investing in education and training -- \$63 billion more than the Republican plan over five years. With the tax cuts for education, this represents the largest increase in the Federal investment in education in 30 years. The agreement specifically calls for:

- **Increases funding for Head Start to continue on road to achieve enrollment of 1 million kids in 2002.**
- **Largest Pell Grant increase in two decades - boosts the maximum 1998 Pell grant from \$2,700 to \$3,000, and expands the program to more poor independent students.**
- **Adopts the President's budget request to launch a child literacy initiative consistent with his America Reads program.**
- **Increases funding for bilingual (27% increase) and immigrant education (50% increase).**
- **Includes all of the \$579 million increase in funding requested by the President in his FY 1998 budget of \$5.3 billion for Training and Employment Services, including Job Corps.**

### **BOLSTERS ENVIRONMENTAL ENFORCEMENT AND KEY PROGRAMS**

- **Provides a 9% increase for EPA's Operating program which includes research, enforcement, state grants and regulatory programs.**
- **Doubles the pace of Superfund cleanups, if policy details can be worked out.**
- **Provides a 6 percent increase for operation of the National Parks, and a more than doubles funding (\$156 million) for Everglades Restoration.**

### **PUTS MORE POLICE ON THE STREET**

- **Protects funding for the Community Oriented Policing Services (COPS) initiative, which should put 100,000 more police officers on the street by 2000.**

### **URBAN INITIATIVES**

- **Expansion of Community Development Financial Institution Fund.**

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## PRESIDENT CLINTON DELIVERS TAX CUTS TO CLEAN UP AND REVITALIZE URBAN AREAS...

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— **THE BROWNFIELDS TAX INCENTIVE WILL REDUCE THE COST OF CLEANING UP THOUSANDS OF CONTAMINATED, ABANDONED SITES IN ECONOMICALLY DISTRESSED AREAS** by permitting clean-up costs to be deducted immediately for tax purposes. This will, in turn, encourage redevelopment of these areas. The tax incentive will be available for three years. *The Treasury Department estimates that this \$1.5 billion tax incentive would leverage more than \$6 billion for private sector cleanups nationwide, allowing redevelopment of 14,000 brownfields.*

— **THIS PROPOSAL IS A MAJOR PRIORITY FOR MANY OF AMERICA'S MAYORS.** Chicago Mayor Richard Daley, writing recently on behalf of the U.S. Conference of Mayors, urged Ways and Means Chairman Archer to include the President's Brownfields proposal in the tax bill: "This is a high priority for communities across the nation." [Letter to Chmn. Archer, 6/11/97]

— **CREATES NEW EMPOWERMENT ZONES.** Under the President's 1993 Empowerment Zones and Enterprise Communities initiative, participating communities develop a strategic plan to spur economic development, and they receive Federal tax benefits, social service grants and flexibility in use of Federal funds in order to put these plans into effect. The EZs and ECs are urban or rural areas with high poverty and unemployment rates.

- **A Strong Start since 1994.** The 105 communities selected as EZ/ECs in 1994 amassed over \$8 billion in public-private commitments. In the six urban Empowerment Zones, the private sector has made or pledged \$2 billion in new investments.
- **A Second Round to Build on Successes.** In response, the President proposed, and the bill includes, a second round of EZs -- 15 urban and 5 rural EZs. The new EZs will benefit from a different blend of tax credits from first-round EZs. They will be eligible for the Brownfields tax incentive, special expensing of business assets, and qualification for private-activity bonds.

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## ...AND TO MOVE PEOPLE FROM WELFARE TO WORK

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— **A WELFARE-TO-WORK TAX CREDIT.** This provision will give employers an added incentive to hire long-term welfare recipients by providing a credit equal to 35% of the first \$10,000 in wages in the first year of employment, and 50% of the first \$10,000 in wages in the second year, paid to new hires who have received welfare for an extended period. The credit is for two years per worker to encourage not only hiring, but also retention.

— **\$3 BILLION TO HELP MOVE 1 MILLION PEOPLE FROM WELFARE TO WORK.** Includes President's proposal to create \$3 billion Welfare to Work Jobs Challenge to move long-term welfare recipients into lasting, unsubsidized jobs. These funds can be used for job creation, job placement and job retention efforts, including wage subsidies to private employers, transportation and other critical post-employment support services. The Labor Department will provide oversight but the dollars will be placed in the hands of the localities who are on the front lines of the welfare reform effort.

— **PRESERVES THE MINIMUM WAGE AND OTHER LABOR PROTECTIONS FOR WELFARE RECIPIENTS MOVING FROM WELFARE TO WORK.** Does not include the House-passed provision to leave welfare participants unprotected by the Fair Labor Standards Act and other employment laws.

— **PROTECTS WORKERS FROM DISPLACEMENT BY THOSE LEAVING THE WELFARE ROLLS,** and establishes a strong process for workers to raise grievances with an independent agency.

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## PRESIDENT CLINTON FOUGHT TO PROTECT OUR MOST VULNERABLE PEOPLE

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*Several provisions in last year's welfare reform bill had nothing to do with the goals of welfare reform. The President said so at the time and promised to work to correct these provisions. That's why he fought to ensure that any agreement protects the most vulnerable in our society. The President fought to better protect:*

### CHILDREN

- **KEEPING THE MEDICAID GUARANTEE.** Preserves the Federal guarantee of Medicaid coverage for the vulnerable populations who depend on it, and contains additional investments to extend coverage to uninsured children. Also ensures that 30,000 disabled children losing SSI because of the new tighter eligibility criteria keep their Medicaid coverage.

### LEGAL IMMIGRANTS

- **CURRENT RECIPIENTS.** Restores both SSI and Medicaid benefits for immigrants now receiving assistance, ensuring that they will not be turned out of their apartments or nursing homes or otherwise left helpless.
- **CURRENT RESIDENT NONRECIPIENTS.** Does not change the rules retroactively. Immigrants in the country as of August 22, 1996 but not receiving benefits at that time who subsequently become disabled will also be fully eligible for SSI and Medicaid benefits. The budget will restore benefits to over 350,000 legal immigrants in FY 2002.
- **REFUGEES AND ASYLEES.** Extends the SSI and Medicaid eligibility period for refugees and asylees from 5 years after entry (the limit in the welfare bill) to 7 years to give these residents more time to naturalize. Adopts Administration proposal to treat Cuban and Haitian entrants and Amerasian immigrants as refugees to preserve benefits for these groups that have endured extraordinary hardships.

### POOR ELDERLY AND DISABLED, INCLUDING CITIZENS

- **RECIPIENTS OF STATE SSI SUPPLEMENTS.** Does not include the House-passed provision that would have repealed the maintenance-of-effort requirement applying to State supplementation of SSI benefits which would have permitted States to reduce or eliminate benefits to almost 3 million poor blind, elderly and disabled individuals.

### PEOPLE WHO WANT TO WORK BUT CAN'T FIND A JOB

- **235,000 MORE WORK SLOTS.** Last year's welfare reform bill restricted food stamps for able-bodied childless adults to only 3 out of every 36 months, unless they were working. This move ignored the fact that finding a job often takes time. The budget bill provides nearly \$1 billion for an estimated 235,000 work slots over 5 years and food stamp benefits to those who are willing to work but, through no fault of their own, have not yet found employment.
- **ALLOWS STATES TO EXEMPT UP TO 15 PERCENT OF THE FOOD STAMP RECIPIENTS (70,000 Individuals Monthly) WHO WOULD OTHERWISE BE DENIED BENEFITS AS A RESULT OF THE "3 IN 36" LIMIT.**

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## AN HISTORIC BALANCED BUDGET: BUILDING ON THE PRESIDENT'S STRONG RECORD OF DEFICIT REDUCTION AND GROWTH

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*President Clinton has achieved a balanced budget agreement that includes critical investments in education, health care, and the environment while strengthening and modernizing Medicare and Medicaid -- just as he promised last year. This achievement finishes the job of balancing the budget, a key priority for the President since he took office.*

**ONLY FOUR YEARS AGO.** In 1993, the President inherited a budget deficit of \$290 billion that was expected to explode to over one-half trillion dollars in 2002. A decade of large deficits had weakened the foundation of our economy and sapped our power and prestige abroad. Unemployment was 7.5% in 1992, and job growth was sluggish.

**THE PRESIDENT PASSES HIS 1993 ECONOMIC PLAN.** President Clinton addressed this problem of fiscal instability immediately on a pledge to cut the deficit in half. Working with Democrats in Congress, he implemented an economic program designed to reduce the deficit and to invest in critical priorities, such as education and training. **The 1993 economic plan has exceeded all expectations:** *the deficit has fallen by more than 75%, dropping for a likely fifth year in a row to \$67 billion or lower in 1997; equipment investment has been the strongest since Kennedy was President; the economy has produced over 12.5 million new jobs; and the unemployment rate this year is the lowest in 24 years.*

**THE PRESIDENT ACHIEVES BIPARTISAN AGREEMENT TO FINISH THE JOB.** The President began his second term determined to fulfill his goal of balancing the budget. As we head into the next century, this bipartisan agreement protects our priorities, solidifies the nation's economic foundation, restores faith in our ability to govern ourselves, and bolsters America's preeminent position in the world economy. The balanced budget agreement includes roughly \$900 billion in 10 year net deficit savings and delivers the first balanced budget in a generation.

The First Balanced Budget in a Generation*		
		\$1

**BUDGET STAYS IN BALANCE.** In addition to delivering a balanced budget in 2002, **the budget agreement delivers budget surpluses for each of the second five years of the budget window, 2003-2007**, putting the nation on a solid fiscal path at a critical time as the baby boom generation edges toward retirement.


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\* Numbers from the budget agreement. Final Budget numbers from reconciliation still being tallied.

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## **The Balanced Budget Delivers a Mainstream, Middle Class Tax Cut**

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### **How Typical American Families Will Benefit**

#### **Example #1**

Consider a family of four with an income of \$40,000 a year. The father is a carpenter who makes \$25,000, and the mother works at a local department store and makes \$15,000. They have two children, a son who is 14 and a freshman in high school and a daughter enrolled full-time in her first year at a state university. Her tuition is \$5,000 a year.

This family benefits from the tax cut in at least two ways. They will receive a child tax credit of \$500 for their son, plus a HOPE Scholarship of \$1,500 for their daughter. In total, they will receive a \$2,000 tax cut.

#### **Tax Cut**

Family of four with two children  
aged 14 and 18 and \$40,000 income:

Child Tax Credit for 14 year old	\$500
HOPE Scholarship for 18 year old	<u>\$1,500</u>

<b>Total tax cut:</b>	<b>\$2,000</b>
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\* Tax Year 1999

#### **Example #2**

Consider a family of three making \$55,000 a year. The father has a degree in accounting and works for a local business in the accounting department. The mother works part-time at the local library. They have one daughter aged 7. The father would like to return to school to prepare for his CPA examination. He is going to attend the local liberal arts college. He has signed up for two courses with total tuition of \$4,000.

This family will receive a \$500 child tax credit for their daughter and an \$800 tuition tax credit to help pay for the father's course work.

#### **Tax Cut**

Family of three with one child  
aged 7 and \$55,000 income:

Child Tax Credit for 7 year old	\$500
Tuition tax credit	<u>\$800</u>

<b>Total tax cut:</b>	<b>\$1,300</b>
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### **Example #3**

Consider a family of three making \$80,000 combined. They have a daughter who is 17 years old and is trying to decide where to go to college. She is leaning towards a private liberal arts school. Her parents are staring at tuition payments in excess of \$10,000 a year for four school years and wondering how they will pay for it.

This tax cut will help. Their daughter will be eligible for a \$1,500 HOPE Scholarship in each of her first two years in college. During her junior and senior years, she will be eligible for a tuition tax credit of \$1,000. (because four school years fall across five tax years she will be eligible for another \$1,000 in the fifth year).

<u>Year</u>	<u>Tuition Tax Credits</u>
1998	\$1,500 Hope Scholarship
1999	\$1,500 Hope Scholarship
2000	\$1,000 Tuition Tax Credit
2001	\$1,000 Tuition Tax Credit
2002	\$1,000 Tuition Tax Credit
-----	
<b>Cumulative Tax Cut to Help Pay for Daughter's Education</b>	<b>\$6,000</b>

### **Example #4**

A single mother lives with her six year old daughter in California. She's been working as a bank teller for several years and her pay is now \$20,000 a year. Working towards becoming a loan officer, she is taking one course a semester towards a bachelor's degree. Her tuition is \$1,000. This family will receive a \$500 child tax credit for the daughter and a \$200 tuition tax credit.

#### **Tax Cut**

Family of two with one child  
aged 6 and \$20,000 income:

Child Tax Credit for 6 year old	\$500
Tuition Tax Credit	<u>\$200</u>
<b>Total tax cut:</b>	<b>\$700</b>



# PRESIDENT CLINTON DELIVERS THE FIRST BALANCED BUDGET IN A GENERATION AND A MAINSTREAM TAX CUT

*President Clinton has achieved a landmark balanced budget that promotes our values, providing critical investments for education, health care, and the environment while strengthening and modernizing Medicare and Medicaid. It also provides middle-class families a tax cut to help raise their children and send them to college.*

**ONLY FOUR YEARS AGO.** In 1993, the President inherited a budget deficit of \$290 billion that was expected to explode to over one-half trillion dollars in 2002. A decade of large deficits had weakened the foundation of our economy and sapped our power and prestige abroad. Unemployment was 7.5% in 1992, and job growth was sluggish.

**THE PRESIDENT PASSES HIS 1993 ECONOMIC PLAN.** President Clinton implemented an economic program designed to reduce the deficit and to invest in critical priorities, such as education and training. **The 1993 economic plan has exceeded all expectations:** *the deficit has fallen by more than 75%, dropping for a likely fifth year in a row to \$67 billion or less in 1997; business investment has been the strongest since Kennedy was President; the economy has produced over 12.5 million new jobs; and the unemployment rate this year is the lowest in 24 years.*

**THE PRESIDENT ACHIEVES FIRST BALANCED BUDGET IN A GENERATION TO FINISH THE JOB.** The President began his second term determined to fulfill his goal of balancing the budget. As we head into the next century, this bipartisan balanced budget protects our priorities, solidifies the nation's economic foundation, restores faith in our ability to govern ourselves, and bolsters America's preeminent position in the world economy.

- **Roughly \$900 Billion in Net Ten-Year Savings** to keep us on the path of fiscal responsibility and help prepare the nation for the retirement of the baby boom generation.
- **Largest Increase in Higher Education Funding Since the G.I. Bill of 1945**, including \$1,500 HOPE Scholarship to make the first two years of college universally available and a 20% Tuition Tax Credit for college juniors, seniors, graduate students and working Americans pursuing lifelong learning to upgrade their skills.
- **Single Largest Investment in Health Care for Children Since the Passage of Medicaid in 1965.** Today, ten million children have no health insurance. The balanced budget takes dramatic and concrete steps to right this wrong. Health care coverage will be extended to up to 5 million children
- **Critical Long-Term Entitlement Reforms** including between \$400-\$450 billion in ten-year Medicare savings to keep the Medicare Trust Fund Solvent for at least a decade. Importantly, these savings are achieved in a way that prepares Medicare for the 21st century -- more choice, competition and revamped payment systems and preventive benefits.
- **\$500 Per Child Tax Credit** to make it easier for approximately 27 million families to raise their children.
- **Helping Move 1 Million People from Welfare to Work.** The budget bill provides an additional \$3 billion, the full amount requested by the President, to help communities move long-term welfare recipients into jobs. The dollars are locally controlled and targeted to high-poverty areas.
- **Protects our Nation's Most Vulnerable People.** The budget includes \$12 billion to restore both disability and health benefits to legal immigrants who are currently receiving benefits or become disabled in the future, ensuring that they will not be turned out of their homes or otherwise left to an uncertain fate. The budget bill will help 350,000 legal

**immigrants (in FY 2002) who would otherwise have been denied assistance.**

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Elena Kagan ( CN=Elena Kagan/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME:29-JUL-1997 13:55:50.00

SUBJECT: Re: Revised Hyde Language -- I'll Call you

TO: Joshua Gotbaum ( CN=Joshua Gotbaum/OU=OMB/O=EOP @ EOP [ OMB ] )

READ:UNKNOWN

TEXT:

ok

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Elena Kagan ( CN=Elena Kagan/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME:29-JUL-1997 13:05:35.00

SUBJECT: Brady follow up meeting

TO: Laura Emmett ( CN=Laura Emmett/OU=WHO/O=EOP @ EOP [ WHO ] )

READ:UNKNOWN

TEXT:

----- Forwarded by Elena Kagan/OPD/EOP on 07/29/97 01:05 PM -----

Leanne A. Shimabukuro 07/29/97 01:03:46 PM

Record Type: Record

To: See the distribution list at the bottom of this message

cc:

Subject: Brady follow up meeting

The meeting is now scheduled for 11:00am this Friday in room 211.

Justice attendees: Kent Markus, Eldie Acheson, Andy Fois, Matt Levine, Mark Greenberg

Treasury attendees: David Medina, Steve McHale, Marc Goodman

Message Sent

To:

Michelle Crisci/WHO/EOP

Jose Cerda III/OPD/EOP

Elena Kagan/OPD/EOP

Laura Emmett/WHO/EOP

Karen A. Popp/WHO/EOP

Bruce N. Reed/OPD/EOP

Cathy R. Mays/OPD/EOP

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Elena Kagan ( CN=Elena Kagan/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME:29-JUL-1997 15:47:12.00

SUBJECT: balanced budget materials

TO: Laura Emmett ( CN=Laura Emmett/OU=WHO/O=EOP @ EOP [ WHO ] )

READ:UNKNOWN

TEXT:

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Russell W. Horwitz

07/29/97 02:40:07 PM

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cc:

Subject: balanced budget materials

First document is a packet of background information on the balanced budget. Second is an internal 1-page talking points. If you want a packet geared for the press or independent organizations, call Sperling's office or the press office.

Message Sent

To:

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Ananias Blocker III/WHO/EOP  
Jonathan H. Schnur/OVP @ OVP  
Christopher R. Ulrich/OVP @ OVP

===== ATTACHMENT 1 =====  
ATT CREATION TIME/DATE: 0 00:00:00.00

## TEXT:

Unable to convert ARMS\_EXT:[ATTACH.D7]MAIL46677590W.216 to ASCII,  
The following is a HEX DUMP:

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13B339984AC14D523B16DAF56DD968D7B7DA872DD0E3A5AFE0D123A032AF468F311987CB87EFEA

# **PRESIDENT CLINTON DELIVERS THE FIRST BALANCED BUDGET IN A GENERATION AND A MAINSTREAM TAX CUT**

- Roughly \$900 Billion in Net 10 Year Deficit Savings.**
- First Balanced Budget since 1969.**
- Largest Investment in Higher Education Since the G.I. Bill in 1945:**
  - \$1,500 HOPE Scholarship to Help Make Two Years of College Universally Available.**
  - 20% Tuition Tax Credit for College Juniors, Seniors, Graduate Students and Working Americans pursuing Lifelong Learning to upgrade their skills.**
- Single Largest Investment in Health Care for Children Since 1965.**
- A \$500 Per Child Tax Credit for Approximately 27 Million Families.**
- Critical Long-Term Entitlement Reforms -- Extends Solvency of Medicare Trust Fund for at Least a Decade.**
- Brownfields and Empowerment Zones Tax Incentives to Revitalize Our Nation's Distressed Areas.**
- A \$ 3 Billion Welfare-to-Work Jobs Initiative Targeted to High Poverty Areas.**
- Treats Legal Immigrants Fairly -- Restores Health and Disability Benefits.**

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## **THE FIRST BALANCED BUDGET IN A GENERATION**

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### **FIRST BALANCED BUDGET SINCE 1969**

- Net savings of roughly \$900 billion over ten years.**
- 1993 Economic Plan has cut the deficit more than 75% from \$290 billion in 1992 to \$67 billion or lower in 1997. This agreement finishes the job -- balances the budget in 2002 and puts the budget in surplus at least through 2007.**

### **SINGLE LARGEST INVESTMENT IN HEALTH CARE FOR CHILDREN SINCE THE PASSAGE OF MEDICAID IN 1965**

- An unprecedented \$24 billion for children's health care.**
- Guarantee of meaningful health coverage including full range of benefits to as many as 5 million uninsured children.**
- Provisions to ensure that states use this investment to provide health care coverage to children**



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## CRITICAL LONG-TERM ENTITLEMENT REFORMS

- **Between \$400-\$450 billion in ten-year Medicare savings.**
- **Extends the life of the Medicare Trust Fund for at least a decade.**
- **Prepares Medicare for the 21st century -- more choice, competition, improved payment systems.**
- **\$4 billion in preventive benefits** to fight diseases like breast cancer, diabetes & colon cancer.
- **\$1.5 billion to help pay the premiums of low-income Medicare beneficiaries.**

**PROTECTS THE PRESIDENT’S CRITICAL DOMESTIC PRIORITIES.** The Budget Agreement, which will be enacted in the Appropriations bills in the fall, includes 99% of total amount of President’s 5-year Domestic Discretionary Budget.

- **Largest education investment in 30 years.**
  - **Pell Grant expansion -- maximum grant increased to \$3,000.**
- Automated Records Management System  
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- **New child literacy initiative** consistent with President's America Reads.
- **Head Start expansion** -- on track to 1 million children in 2002.
- **Full funding for President's training budget**, including Job Corps.
- **President's FY 98 budget request for EPA Operating Budget**
- **National Park Service full funding** for operations budget, plus land acquisition and state assistance, and Everglades Restoration.
- **Superfund** -- clean-up of 500 toxic sites in next four years (if policies can be worked out).
- **COPS** -- funding on track to put 100,000 more police officers on streets by 2000, plus full funding for overall Violent Crime Reduction Trust Fund.

## **MOVES PEOPLE FROM WELFARE TO WORK & TREATS LEGAL IMMIGRANTS FAIRLY**

- **\$3 billion to help states and local communities move people from welfare to work.**
- **\$12 billion to restore both disability and health benefits for 350,000 legal immigrants** in 2002 who are currently receiving assistance or become disabled, ensuring that they will not be turned out of their apartments or nursing homes or otherwise helpless.
- **Preserves the minimum wage and other labor protections for welfare recipients moving from welfare to work.** Does not include the House-passed provision to leave welfare participants unprotected by the
- **Fair Labor Standards Act and other employment laws.** Protects workers from displacement by those leaving the welfare rolls, and establishes a strong process for workers to raise grievances with an independent agency.

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## **A MAINSTREAM TAX CUT**

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*On December 15, 1994, President Clinton proposed the Middle Class Bill of Rights, which included a \$500 Child Tax Credit, an expanded IRA to allow people to withdraw money tax-free and without penalty for education, and a tax deduction for post-high school education expenses. Each of the President's proposals is included in this budget:*

### **A CHILD TAX CREDIT FOR APPROXIMATELY 27 MILLION FAMILIES.**

- **\$500 Per-Child Tax Credit for approximately 27 million families with 45 million children** under 17. The credit begins to phase out for couples with incomes above \$110,000.
- **13 million children from families with incomes below \$30,000 will receive the child tax credit -- up to 7.5 million\* more than would have under the Congressional plans.** Families earning under \$30,000 such as young teachers, police officers, farmers, and nurses who work hard and play by the rules will now receive the Child Tax Credit. \*Comparison to House passed bill; vs. Senate bill: 5.9 million.

### **A VICTORY FOR MIDDLE CLASS PARENTS TRYING TO PAY FOR THEIR CHILDREN'S COLLEGE AND FOR WORKING PEOPLE TRYING TO UPGRADE THEIR SKILLS.**

- **\$1,500 HOPE Scholarship to make the first two years of college universally available.** The final agreement includes the President's initiative to help make the 13th and 14th grades as universal as a high school diploma is today. Students will receive a scholarship of 100% on the first \$1,000 of tuition and fees and 50% on the second \$1,000.
- **20% Tuition Tax Credit for college juniors, seniors, graduate students and for working Americans pursuing lifelong learning to upgrade their skills.** The 20% credit will be applied to the first \$5,000 of qualified education expenses through 2002, and to the first \$10,000 thereafter. The President has long understood that the economy is changing and that people need the opportunity to enhance their skills throughout their working lives. This is why the President insisted on the 20% tuition tax credit that is in the final bill and was a major improvement over the bills passed by Congress.

### **TAX INCENTIVES TO REVITALIZE OUR NATION'S DISTRESSED URBAN AREAS.**

*A key component of the President's tax cutting agenda has been to spur economic activity in distressed areas of our nation's cities. This budget reflects the President's agenda:*

- **A New Tax Cut Plan Helps to Clean Up and Redevelop Brownfields.** The 3-year Brownfields tax incentive will reduce the cost of cleaning up thousands of contaminated, abandoned sites in economically distressed areas by permitting clean-up costs to be deducted immediately for tax purposes. This will, in turn, encourage redevelopment of these areas. *The Treasury Department estimates that this \$1.5 billion tax incentive would leverage more than \$6 billion for private sector cleanups nationwide, allowing redevelopment of 14,000 brownfields.*
- **New Empowerment Zones (EZs).** The budget includes a second-round of EZs -- 15 urban and 5 rural EZs. The new EZs will benefit from a different blend of tax credits from the first-round communities. For example, the EZs will be eligible for the Brownfields tax incentive, special expensing of business assets, and qualification for private-activity bonds.

## **HELPING MOVE PEOPLE FROM WELFARE TO WORK**

- **A Welfare to Work Tax Credit.** This provision will give employers an added incentive to hire long-term welfare recipients by providing a credit equal to 35% of the first \$10,000 in wages in the first year of employment, and 50% of the first \$10,000 in the second year, paid to new hires who have received welfare for an extended period. The credit is for two years per worker to encourage not only hiring but retention.
- **\$3 Billion to Help Move 1 Million People from Welfare to Work.** Includes President's proposal to create \$3 billion Welfare to Work Jobs Challenge to move long-term welfare recipients into lasting, unsubsidized jobs. These funds can be used for job creation, job placement and job retention efforts, including wage subsidies to private employers, and other critical post-employment support services. The Labor Department will provide oversight but the dollars will be placed in the hands of the localities who are on the front lines of the welfare reform effort.

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## **PRESIDENT CLINTON DELIVERS THE LARGEST SINGLE INVESTMENT IN CHILDREN'S HEALTH CARE SINCE THE PASSAGE OF MEDICAID IN 1965**

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*The President fought hard to ensure that the Budget Agreement includes \$24 billion to provide meaningful health care coverage to as many as five million of our nation's ten million uninsured children. This investment includes a meaningful benefits package, ensures that states use this money to cover uninsured children and not replace existing public or private spending, and guarantees adequate cost-*

- **INVESTS UNPRECEDENTED \$24 BILLION FOR UNINSURED CHILDREN.** The President insisted on increasing the investment for children's health from \$16 billion to \$24 billion by including revenue from a new tobacco tax. Because of the President's leadership, this budget will contain the largest children's health care budget increase since the enactment of Medicaid in 1965. Including these additional revenues in the children's health initiative will not only further reduce the number of uninsured children, but it will also serve as a financial barrier to help prevent our children from starting smoking in the first place.
- **ENSURES MEANINGFUL HEALTH CARE COVERAGE, WHILE ALLOWING STATES TO DESIGN THEIR OWN BENEFITS PACKAGES.** The President fought hard to ensure that this investment guarantees the full range of benefits -- from checkups to surgery -- that children need to grow up strong and healthy. The President also worked to ensure that prescription drugs, vision, hearing, and mental health coverage now offered at the state level are extended to millions of uninsured children.
- **GIVES STATES THE FLEXIBILITY TO DESIGN BENEFITS THAT MEET THEIR NEEDS.** States will be able to choose from any of four benefits packages: (1) the FEHPB model; (2) the benefits package of the most popular state HMO; (3) the state employee plan; and (4) the actuarial equivalent of any of the three stated benefit plans as long as prescription drugs, vision, hearing, and mental health services now offered in these plans are guaranteed to equal at least 75 percent of the value of these services.
- **SUPPLEMENTS, NOT SUPPLANTS, CURRENT HEALTH CARE COVERAGE.** Includes provisions to ensure that states provide health care coverage to children who do not currently have health insurance. It requires that states maintain their current Medicaid eligibility levels of spending to access Federal dollars to ensure that this investment is not used to replace public or private money that already covers children.
- **ENSURES ADEQUATE COST-SHARING PROTECTIONS.** The President fought to ensure that families are not forced to shoulder excessive costs for their children. The Agreement guarantees that families under 150 percent of poverty will be protected against overly burdensome cost sharing.

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## PRESIDENT CLINTON DELIVERS A \$500 CHILD TAX CREDIT FOR APPROXIMATELY 27 MILLION FAMILIES

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### MAIN FEATURES OF THE CHILD TAX CREDIT:

- **Age.** Covers children under 17.
- **Amount per child.** \$400 in 1998. \$500 thereafter.
- **Income limits.** Begins to be phased out for couples making over \$110,000 and for one parent families making over \$75,000.
- **"Stacking."** Child tax credit will be calculated or "stacked" before the EITC, and will therefore be available for the up to 7.5 million children in working families who have incomes below \$30,000 and who were denied the child tax credit under the congressional bills.
- **For families with more than two children -- Refundability to cover out-of-pocket income and payroll taxes.** Because many large families have little income tax liability, but pay significant out-of-pocket payroll taxes, the child tax credit for these families is partially refundable. These families will receive a child credit for their income taxes plus the extent to which their out-of-pocket (employee share) payroll taxes exceed their EITC.
- **Savings Incentive.** Taxpayers will be given the opportunity to contribute \$500 each year to an education Individual Retirement Account (IRA). Earnings would accumulate tax-free in the account, and no taxes will be due upon withdrawal for an approved purpose.

### A CHILD TAX CREDIT FOR FAMILIES WHO WORK HARD AND PAY TAXES.

**13 million children from families with incomes below \$30,000 will receive the child tax credit -- up to 7.5 million\* more than would have under the Congressional plans.** Families making under \$30,000 like young teachers, police officers, farmers, nurses and others who work hard and play by the rules will now receive the Child Tax Credit. \*Comparison to House passed bill; vs. Senate bill: 5.9 million.

**President Clinton worked to ensure that under any final agreement, these young parents would receive a child tax credit to make it easier for them to raise their children.**

*Consider a family of four with two small children: the father is a rookie police officer making \$23,000, and the mother has chosen to stay at home. Both congressional bills would have denied this family, and millions of others, the child tax credit. Under the final agreement, this family will receive a child tax credit of \$675.*

	President Clinton's Proposal	Agreement	House Bill	Senate Bill
Child Tax Credit for family of rookie police officer making \$23,000	\$767	\$675	\$0	\$0

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## ***PRESIDENT CLINTON DELIVERS EDUCATION TAX CUTS TO HELP MIDDLE CLASS FAMILIES PAY FOR COLLEGE***

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### **THE PRESIDENT'S HOPE SCHOLARSHIP AND TUITION TAX CREDIT**

From the beginning, promoting expanded educational opportunity has been the centerpiece of President Clinton's budget and his middle class tax cut proposal. Promoting education is the centerpiece of this final tax cut bill:

- **\$1,500 HOPE Scholarship to make the first two years of college universally available.** The final agreement includes the President's program to advance the goal of making the 13th and 14th grades as universally available as a high school diploma is today. Students will receive a scholarship of 100% on the first \$1,000 of tuition and fees and 50% on the second \$1,000.
- **20% Tuition Tax Credit for College Juniors, Seniors, Graduate Students and working Americans pursuing lifelong learning to upgrade their skills.** The 20% credit will be applied to the first \$5,000 of tuition and fees through 2002, and to the first \$10,000 thereafter.. The President has long understood that the economy is changing and that people must have the opportunity to enhance their skills throughout their working lives. This is why the President insisted on the 20% tuition tax credit that is in the final bill and is a major improvement over the Congressionally-passed bills.

### **A SUMMARY OF ADDITIONAL EDUCATION TAX CUTS**

- ***Education and Retirement Savings Accounts.*** Allows penalty-free IRA withdrawals for undergraduate, post-secondary vocational, and graduate education expenses. Additionally, taxpayers are given the opportunity to deposit \$500 into an education IRA. Earnings would accumulate tax-free and no taxes will be due upon withdrawal for an approved purpose.
- ***Employer-Provided Education Benefits.*** Extends Section 127 of the tax code for three years, which allows workers to exclude \$5,250 of employer-provided undergraduate education benefits from their taxable income.
- ***Student Loan Interest Deduction.*** Allows a deduction for up to \$2,500 per year of interest on education loans for expenses of students enrolled at an institution of higher education. This deduction will be available even if the taxpayer does not itemize deductions.
- ***Community Service Loan Forgiveness.*** In most circumstances, a loan that is forgiven is considered income and is therefore taxable. To encourage programs that offer loan forgiveness to borrowers who take lower-paying, community-service jobs, the agreement excludes from taxable income both loan amounts forgiven through programs run by nonprofit tax-exempt charitable or educational institutions. Currently, the exclusion generally covers only certain forgiveness arrangements between students and government entities.
- ***Repeal Cap on Tax Exempt Bond Issuance by Colleges and Universities.*** Repeals the \$150 million bond cap that affects private higher education institutions and certain other charitable institutions. The repeal applies to tax-exempt bonds issued by these institutions to finance new capital expenditures.



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## PRESIDENT CLINTON DELIVERS A BUDGET THAT STRENGTHENS AND PRESERVES MEDICARE

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*The Budget Agreement preserves and strengthens the Medicare program, saving \$115 billion over five years and extending the life of the Medicare Trust Fund for at least ten years. It modernizes Medicare by including new market-oriented reforms that have proved successful in the private sector plus \$4 billion in new preventive benefits. As this agreement strengthens and preserves the Medicare program, it also creates a Medicare Commission to examine the long-term needs of the program so that Medicare will be prepared for the retirement of the baby boomers.*

— **SAVES APPROXIMATELY \$115 BILLION OVER FIVE YEARS.** Includes about \$115 billion in savings over five years and between \$400-\$450 billion over ten years.

— **EXTENDS THE LIFE OF THE MEDICARE TRUST FUND FOR AT LEAST TEN YEARS.** This agreement will keep Medicare solvent until at least 2007.

— **IMPLEMENTS NEW MARKET-ORIENTED REFORMS INCLUDING:**

- (1) Empowering the Secretary of Health and Human Services to implement competitive market mechanisms;
- (2) Opening up new options that offer more choice among competing health plans and have proven effective in the private sector, including Preferred Provider Organizations (PPOs) and Provider Sponsored Organizations (PSOs);
- (3) Providing Americans with meaningful choices by reforming annual Medigap enrollment; and
- (4) Building on Medicare's success in controlling hospital costs, restructuring the payment systems for home health, agencies, skilled nursing facilities and hospital outpatient departments so that rates are set in advance through a prospective payment system.

— **INCLUDES \$4 BILLION OVER FIVE YEARS FOR NEW PREVENTIVE BENEFITS.** Expanding coverage for mammograms and colorectal screening and improving self-management of diseases like diabetes.

— **ENSURES NEW PREMIUM PROTECTIONS FOR LOW-INCOME MEDICARE BENEFICIARIES.** The budget agreement invests \$1.5 billion over five years to pay the premiums for beneficiaries up to 135 percent of poverty. Beneficiaries over 135 percent of poverty to as high as 175 percent of poverty will get assistance as well.

— **TAKES STEPS TO ENSURE THAT VULNERABLE HOSPITALS ARE PROTECTED.** The Agreement reduces the Medicare Disproportionate Share Hospitals cut from \$2.4 billion in the Senate-passed bill to \$600 million over five years.

— **ESTABLISHES A MEDICARE COMMISSION.** The agreement creates a 17-member Medicare Commission which contains eight Democrats and eight Republicans and a Chair who will be selected jointly by the President and the Congressional leadership. The Commission will release a report in 1999 and require an 11 of 17 majority to ensure that its recommendations are bipartisan.

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## **THE BUDGET AGREEMENT PROTECTED THE PRESIDENT'S PRIORITY PROGRAMS, INCLUDING EDUCATION, ENVIRONMENT AND LAW ENFORCEMENT**

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*The Budget Agreement achieved 99% of the President's budget for non-defense discretionary spending over the next 5 years. While priority items are protected, there are \$61 billion of savings in non-defense discretionary outlays over the next 5 years -- a 10% real cut by 2002. These priorities will be ratified in the appropriations process under the budget agreement.*

### **LARGEST INCREASE IN EDUCATION INVESTMENT IN 30 YEARS**

The budget agreement endorsed President Clinton's overall plan for investing in education and training -- \$63 billion more than the Republican plan over five years. With the tax cuts for education, this represents the largest increase in the Federal investment in education in 30 years. The agreement specifically calls for:

- **Increases funding for Head Start to continue on road to achieve enrollment of 1 million kids in 2002.**
- **Largest Pell Grant increase in two decades - boosts the maximum 1998 Pell grant from \$2,700 to \$3,000, and expands the program to more poor independent students.**
- **Adopts the President's budget request to launch a child literacy initiative consistent with his America Reads program.**
- **Increases funding for bilingual (27% increase) and immigrant education (50% increase).**
- **Includes all of the \$579 million increase in funding requested by the President in his FY 1998 budget of \$5.3 billion for Training and Employment Services, including Job Corps.**

### **BOLSTERS ENVIRONMENTAL ENFORCEMENT AND KEY PROGRAMS**

- **Provides a 9% increase for EPA's Operating program which includes research, enforcement, state grants and regulatory programs.**
- **Doubles the pace of Superfund cleanups, if policy details can be worked out.**
- **Provides a 6 percent increase for operation of the National Parks, and a more than doubles funding (\$156 million) for Everglades Restoration.**

### **PUTS MORE POLICE ON THE STREET**

- **Protects funding for the Community Oriented Policing Services (COPS) initiative, which should put 100,000 more police officers on the street by 2000.**

### **URBAN INITIATIVES**

- **Expansion of Community Development Financial Institution Fund.**

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## PRESIDENT CLINTON DELIVERS TAX CUTS TO CLEAN UP AND REVITALIZE URBAN AREAS...

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— **THE BROWNFIELDS TAX INCENTIVE WILL REDUCE THE COST OF CLEANING UP THOUSANDS OF CONTAMINATED, ABANDONED SITES IN ECONOMICALLY DISTRESSED AREAS** by permitting clean-up costs to be deducted immediately for tax purposes. This will, in turn, encourage redevelopment of these areas. The tax incentive will be available for three years. *The Treasury Department estimates that this \$1.5 billion tax incentive would leverage more than \$6 billion for private sector cleanups nationwide, allowing redevelopment of 14,000 brownfields.*

— **THIS PROPOSAL IS A MAJOR PRIORITY FOR MANY OF AMERICA'S MAYORS.**

Chicago Mayor Richard Daley, writing recently on behalf of the U.S. Conference of Mayors, urged Ways and Means Chairman Archer to include the President's Brownfields proposal in the tax bill: "This is a high priority for communities across the nation." [Letter to Chmn. Archer, 6/11/97]

— **CREATES NEW EMPOWERMENT ZONES.** Under the President's 1993 Empowerment Zones and Enterprise Communities initiative, participating communities develop a strategic plan to spur economic development, and they receive Federal tax benefits, social service grants and flexibility in use of Federal funds in order to put these plans into effect. The EZs and ECs are urban or rural areas with high poverty and unemployment rates.

- **A Strong Start since 1994.** The 105 communities selected as EZ/ECs in 1994 amassed over \$8 billion in public-private commitments. In the six urban Empowerment Zones, the private sector has made or pledged \$2 billion in new investments.
- **A Second Round to Build on Successes.** In response, the President proposed, and the bill includes, a second round of EZs -- 15 urban and 5 rural EZs. The new EZs will benefit from a different blend of tax credits from first-round EZs. They will be eligible for the Brownfields tax incentive, special expensing of business assets, and qualification for private-activity bonds.

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## ...AND TO MOVE PEOPLE FROM WELFARE TO WORK

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— **A WELFARE-TO-WORK TAX CREDIT.** This provision will give employers an added incentive to hire long-term welfare recipients by providing a credit equal to 35% of the first \$10,000 in wages in the first year of employment, and 50% of the first \$10,000 in wages in the second year, paid to new hires who have received welfare for an extended period. The credit is for two years per worker to encourage not only hiring, but also retention.

— **\$3 BILLION TO HELP MOVE 1 MILLION PEOPLE FROM WELFARE TO WORK.**

Includes President's proposal to create \$3 billion Welfare to Work Jobs Challenge to move long-term welfare recipients into lasting, unsubsidized jobs. These funds can be used for job creation, job placement and job retention efforts, including wage subsidies to private employers, transportation and other critical post-employment support services. The Labor Department will provide oversight but the dollars will be placed in the hands of the localities who are on the front lines of the welfare reform effort.

— **PRESERVES THE MINIMUM WAGE AND OTHER LABOR PROTECTIONS FOR WELFARE RECIPIENTS MOVING FROM WELFARE TO WORK.** Does not include the House-passed provision to leave welfare participants unprotected by the Fair Labor Standards Act and other employment laws.

— **PROTECTS WORKERS FROM DISPLACEMENT BY THOSE LEAVING THE WELFARE ROLLS,** and establishes a strong process for workers to raise grievances with an independent agency.

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## **PRESIDENT CLINTON FOUGHT TO PROTECT OUR MOST VULNERABLE PEOPLE**

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*Several provisions in last year's welfare reform bill had nothing to do with the goals of welfare reform. The President said so at the time and promised to work to correct these provisions. That's why he fought to ensure that any agreement protects the most vulnerable in our society. The President fought to better protect:*

### **CHILDREN**

- **KEEPING THE MEDICAID GUARANTEE.** Preserves the Federal guarantee of Medicaid coverage for the vulnerable populations who depend on it, and contains additional investments to extend coverage to uninsured children. Also ensures that 30,000 disabled children losing SSI because of the new tighter eligibility criteria keep their Medicaid coverage.

### **LEGAL IMMIGRANTS**

- **CURRENT RECIPIENTS.** Restores both SSI and Medicaid benefits for immigrants now receiving assistance, ensuring that they will not be turned out of their apartments or nursing homes or otherwise left helpless.
- **CURRENT RESIDENT NONRECIPIENTS.** Does not change the rules retroactively. Immigrants in the country as of August 22, 1996 but not receiving benefits at that time who subsequently become disabled will also be fully eligible for SSI and Medicaid benefits. The budget will restore benefits to over 350,000 legal immigrants in FY 2002.
- **REFUGEES AND ASYLEES.** Extends the SSI and Medicaid eligibility period for refugees and asylees from 5 years after entry (the limit in the welfare bill) to 7 years to give these residents more time to naturalize. Adopts Administration proposal to treat Cuban and Haitian entrants and Amerasian immigrants as refugees to preserve benefits for these groups that have endured extraordinary hardships.

### **POOR ELDERLY AND DISABLED, INCLUDING CITIZENS**

- **RECIPIENTS OF STATE SSI SUPPLEMENTS.** Does not include the House-passed provision that would have repealed the maintenance-of-effort requirement applying to State supplementation of SSI benefits which would have permitted States to reduce or eliminate benefits to almost 3 million poor blind, elderly and disabled individuals.

### **PEOPLE WHO WANT TO WORK BUT CAN'T FIND A JOB**

- **235,000 MORE WORK SLOTS.** Last year's welfare reform bill restricted food stamps for able-bodied childless adults to only 3 out of every 36 months, unless they were working. This move ignored the fact that finding a job often takes time. The budget bill provides nearly \$1 billion for an estimated 235,000 work slots over 5 years and food stamp benefits to those who are willing to work but, through no fault of their own, have not yet found employment.
- **ALLOWS STATES TO EXEMPT UP TO 15 PERCENT OF THE FOOD STAMP RECIPIENTS (70,000 Individuals Monthly) WHO WOULD OTHERWISE BE DENIED BENEFITS AS A RESULT OF THE "3 IN 36" LIMIT.**

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## AN HISTORIC BALANCED BUDGET: BUILDING ON THE PRESIDENT'S STRONG RECORD OF DEFICIT REDUCTION AND GROWTH

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*President Clinton has achieved a balanced budget agreement that includes critical investments in education, health care, and the environment while strengthening and modernizing Medicare and Medicaid -- just as he promised last year. This achievement finishes the job of balancing the budget, a key priority for the President since he took office.*

**ONLY FOUR YEARS AGO.** In 1993, the President inherited a budget deficit of \$290 billion that was expected to explode to over one-half trillion dollars in 2002. A decade of large deficits had weakened the foundation of our economy and sapped our power and prestige abroad. Unemployment was 7.5% in 1992, and job growth was sluggish.

**THE PRESIDENT PASSES HIS 1993 ECONOMIC PLAN.** President Clinton addressed this problem of fiscal instability immediately on a pledge to cut the deficit in half. Working with Democrats in Congress, he implemented an economic program designed to reduce the deficit and to invest in critical priorities, such as education and training. **The 1993 economic plan has exceeded all expectations:** *the deficit has fallen by more than 75%, dropping for a likely fifth year in a row to \$67 billion or lower in 1997; equipment investment has been the strongest since Kennedy was President; the economy has produced over 12.5 million new jobs; and the unemployment rate this year is the lowest in 24 years.*

**THE PRESIDENT ACHIEVES BIPARTISAN AGREEMENT TO FINISH THE JOB.** The President began his second term determined to fulfill his goal of balancing the budget. As we head into the next century, this bipartisan agreement protects our priorities, solidifies the nation's economic foundation, restores faith in our ability to govern ourselves, and bolsters America's preeminent position in the world economy. The balanced budget agreement includes roughly \$900 billion in 10 year net deficit savings and delivers the first balanced budget in a generation.

The First Balanced Budget in a Generation*		
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**BUDGET STAYS IN BALANCE.** In addition to delivering a balanced budget in 2002, **the budget agreement delivers budget surpluses for each of the second five years of the budget window, 2003-2007**, putting the nation on a solid fiscal path at a critical time as the baby boom generation edges toward retirement.


\* Numbers from the budget agreement. Final Budget numbers from reconciliation still being tallied.

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## The Balanced Budget Delivers a Mainstream, Middle Class Tax Cut

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### How Typical American Families Will Benefit

#### Example #1

Consider a family of four with an income of \$40,000 a year. The father is a carpenter who makes \$25,000, and the mother works at a local department store and makes \$15,000. They have two children, a son who is 14 and a freshman in high school and a daughter enrolled full-time in her first year at a state university. Her tuition is \$5,000 a year.

This family benefits from the tax cut in at least two ways. They will receive a child tax credit of \$500 for their son, plus a HOPE Scholarship of \$1,500 for their daughter. In total, they will receive a \$2,000 tax cut.

#### Tax Cut

Family of four with two children  
aged 14 and 18 and \$40,000 income:

Child Tax Credit for 14 year old	\$500
HOPE Scholarship for 18 year old	<u>\$1,500</u>

<b>Total tax cut:</b>	<b>\$2,000</b>
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\* Tax Year 1999

#### Example #2

Consider a family of three making \$55,000 a year. The father has a degree in accounting and works for a local business in the accounting department. The mother works part-time at the local library. They have one daughter aged 7. The father would like to return to school to prepare for his CPA examination. He is going to attend the local liberal arts college. He has signed up for two courses with total tuition of \$4,000.

This family will receive a \$500 child tax credit for their daughter and an \$800 tuition tax credit to help pay for the father's course work.

#### Tax Cut

Family of three with one child  
aged 7 and \$55,000 income:

Child Tax Credit for 7 year old	\$500
Tuition tax credit	<u>\$800</u>

<b>Total tax cut:</b>	<b>\$1,300</b>
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### **Example #3**

Consider a family of three making \$80,000 combined. They have a daughter who is 17 years old and is trying to decide where to go to college. She is leaning towards a private liberal arts school. Her parents are staring at tuition payments in excess of \$10,000 a year for four school years and wondering how they will pay for it.

This tax cut will help. Their daughter will be eligible for a \$1,500 HOPE Scholarship in each of her first two years in college. During her junior and senior years, she will be eligible for a tuition tax credit of \$1,000. (because four school years fall across five tax years she will be eligible for another \$1,000 in the fifth year).

<u>Year</u>	<u>Tuition Tax Credits</u>
1998	\$1,500 Hope Scholarship
1999	\$1,500 Hope Scholarship
2000	\$1,000 Tuition Tax Credit
2001	\$1,000 Tuition Tax Credit
2002	\$1,000 Tuition Tax Credit
-----	
<b>Cumulative Tax Cut to Help Pay for Daughter's Education</b>	<b>\$6,000</b>

### **Example #4**

A single mother lives with her six year old daughter in California. She's been working as a bank teller for several years and her pay is now \$20,000 a year. Working towards becoming a loan officer, she is taking one course a semester towards a bachelor's degree. Her tuition is \$1,000. This family will receive a \$500 child tax credit for the daughter and a \$200 tuition tax credit.

#### **Tax Cut**

Family of two with one child  
aged 6 and \$20,000 income:

Child Tax Credit for 6 year old	\$500
Tuition Tax Credit	<u>\$200</u>
<b>Total tax cut:</b>	<b>\$700</b>

# **PRESIDENT CLINTON DELIVERS THE FIRST BALANCED BUDGET IN A GENERATION AND A MAINSTREAM TAX CUT**

*President Clinton has achieved a landmark balanced budget that promotes our values, providing critical investments for education, health care, and the environment while strengthening and modernizing Medicare and Medicaid. It also provides middle-class families a tax cut to help raise their children and send them to college.*

**ONLY FOUR YEARS AGO.** In 1993, the President inherited a budget deficit of \$290 billion that was expected to explode to over one-half trillion dollars in 2002. A decade of large deficits had weakened the foundation of our economy and sapped our power and prestige abroad. Unemployment was 7.5% in 1992, and job growth was sluggish.

**THE PRESIDENT PASSES HIS 1993 ECONOMIC PLAN.** President Clinton implemented an economic program designed to reduce the deficit and to invest in critical priorities, such as education and training. **The 1993 economic plan has exceeded all expectations:** *the deficit has fallen by more than 75%, dropping for a likely fifth year in a row to \$67 billion or less in 1997; business investment has been the strongest since Kennedy was President; the economy has produced over 12.5 million new jobs; and the unemployment rate this year is the lowest in 24 years.*

**THE PRESIDENT ACHIEVES FIRST BALANCED BUDGET IN A GENERATION TO FINISH THE JOB.** The President began his second term determined to fulfill his goal of balancing the budget. As we head into the next century, this bipartisan balanced budget protects our priorities, solidifies the nation's economic foundation, restores faith in our ability to govern ourselves, and bolsters America's preeminent position in the world economy.

- **Roughly \$900 Billion in Net Ten-Year Savings** to keep us on the path of fiscal responsibility and help prepare the nation for the retirement of the baby boom generation.
- **Largest Increase in Higher Education Funding Since the G.I. Bill of 1945**, including \$1,500 HOPE Scholarship to make the first two years of college universally available and a 20% Tuition Tax Credit for college juniors, seniors, graduate students and working Americans pursuing lifelong learning to upgrade their skills.
- **Single Largest Investment in Health Care for Children Since the Passage of Medicaid in 1965.** Today, ten million children have no health insurance. The balanced budget takes dramatic and concrete steps to right this wrong. Health care coverage will be extended to up to 5 million children
- **Critical Long-Term Entitlement Reforms** including between \$400-\$450 billion in ten-year Medicare savings to keep the Medicare Trust Fund Solvent for at least a decade. Importantly, these savings are achieved in a way that prepares Medicare for the 21st century -- more choice, competition and revamped payment systems and preventive benefits.
- **\$500 Per Child Tax Credit** to make it easier for approximately 27 million families to raise their children.
- **Helping Move 1 Million People from Welfare to Work.** The budget bill provides an additional \$3 billion, the full amount requested by the President, to help communities move long-term welfare recipients into jobs. The dollars are locally controlled and targeted to high-poverty areas.
- **Protects our Nation's Most Vulnerable People.** The budget includes \$12 billion to restore both disability and health benefits to legal immigrants who are currently receiving benefits or become disabled in the future, ensuring that they will not be turned out of their homes or otherwise left to an uncertain fate. The budget bill will help 350,000 legal



**immigrants (in FY 2002) who would otherwise have been denied assistance.**

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Elena Kagan ( CN=Elena Kagan/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME:29-JUL-1997 17:33:36.00

SUBJECT: Regional Administrators

TO: Laura Emmett ( CN=Laura Emmett/OU=WHO/O=EOP @ EOP [ WHO ] )

READ:UNKNOWN

TEXT:

----- Forwarded by Elena Kagan/OPD/EOP on 07/29/97 05:33 PM -----

Kris M Balderston  
07/23/97 09:41:03 PM  
Record Type: Record

To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP, Cathy R. Mays/OPD/EOP,  
Paul J. Weinstein Jr./OPD/EOP  
cc:  
Subject: Regional Administrators

The Administration's 150 political Regional Administrators will be in 450 OEOB on Wednesday, July 30th from 9 to 5 for their annual WH brfg. The POTUS and FLOTUS will be addressing the group during the day. This would also be a great opportunity to meet the administrators and brief them on the DPC's initiatives for the upcoming year. We would like to invite you to address the group from 10-50 to 11.10 am on July 30th.

This group has been phenomenal in amplifying our message throughout the country. You may remember that this was the group that helped us set up 100 satellite sites for the 0-3 conference. They stand ready to help us on other initiatives.

Hope you can make it.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Elena Kagan ( CN=Elena Kagan/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME:29-JUL-1997 19:10:53.00

SUBJECT: Re: Lorenzen has question on spin on Texas

TO: Diana Fortuna ( CN=Diana Fortuna/OU=OPD/O=EOP [ OPD ] )

READ:UNKNOWN

CC: Bruce N. Reed ( CN=Bruce N. Reed/OU=OPD/O=EOP [ OPD ] )

READ:UNKNOWN

CC: Cynthia A. Rice ( CN=Cynthia A. Rice/OU=OPD/O=EOP @ EOP [ OPD ] )

READ:UNKNOWN

TEXT:

that's true as far as i know.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Elena Kagan ( CN=Elena Kagan/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME:29-JUL-1997 19:16:42.00

SUBJECT: Re: TVA and IBEW

TO: Phillip Caplan ( CN=Phillip Caplan/OU=WHO/O=EOP @ EOP [ WHO ] )

READ:UNKNOWN

TEXT:

ann lewis from nec is probably your best bet.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Elena Kagan ( CN=Elena Kagan/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME:30-JUL-1997 11:08:14.00

SUBJECT: Re: Anti-Displacement language

TO: Cynthia A. Rice ( CN=Cynthia A. Rice/OU=OPD/O=EOP @ EOP [ OPD ] )

READ:UNKNOWN

TEXT:

yes

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Elena Kagan ( CN=Elena Kagan/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME:30-JUL-1997 20:10:48.00

SUBJECT: Re: NBC News/Story about White House Welfare Hires

TO: Cynthia A. Rice ( CN=Cynthia A. Rice/OU=OPD/O=EOP @ EOP [ OPD ] )

READ:UNKNOWN

TEXT:

sounds like a bad idea.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Elena Kagan ( CN=Elena Kagan/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME:30-JUL-1997 20:13:59.00

SUBJECT: CORRECTION - 52 DEMOCRATS SUPPORTED THE BILL

TO: Bruce N. Reed ( CN=Bruce N. Reed/OU=OPD/O=EOP [ OPD ] )

READ:UNKNOWN

TEXT:

i guess debra colton was wrong about our having to count our votes very carefully.

----- Forwarded by Elena Kagan/OPD/EOP on 07/30/97 08:16 PM -----

Lisa M. Kountoupes  
07/30/97 05:41:39 PM  
Record Type: Record

To: Kate P. Donovan/OMB/EOP  
cc: See the distribution list at the bottom of this message  
Subject: CORRECTION - 52 DEMOCRATS SUPPORTED THE BILL

The final vote was 346-85 (4 members not voting)

193 Republicans and 153 Democrats supported the bill  
32 Republicans and 52 Democrats opposed the bill  
The Independent opposed it.

Message Copied

To: \_\_\_\_\_  
Franklin D. Raines/OMB/EOP  
Jacob J. Lew/OMB/EOP  
Charles E. Kieffer/OMB/EOP  
Robert G. Damus/OMB/EOP  
Barry B. Anderson/OMB/EOP  
T J. Glauthier/OMB/EOP  
Joshua Gotbaum/OMB/EOP  
Kenneth S. Apfel/OMB/EOP  
Sally Katzen/OMB/EOP  
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Janet L. Graves/OMB/EOP  
Alan B. Rhinesmith/OMB/EOP  
Kathleen Peroff/OMB/EOP  
Ronald M. Cogswell/OMB/EOP  
Barry T. Clendenin/OMB/EOP  
Robert B. Rideout/OMB/EOP  
Philip A. DuSault/OMB/EOP  
Richard P. Emery Jr./OMB/EOP  
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Susanne D. Lind/OMB/EOP  
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Alicia K. Kolaian/OMB/EOP  
Bruce D. Long/OMB/EOP  
Charles Konigsberg/OMB/EOP  
Bruce W. McConnell/OMB/EOP

Bernard H. Martin/OMB/EOP  
Michael A. Fitzpatrick/OMB/EOP  
Daniel M. Tangherlini/OMB/EOP  
Elisa Millsap/WHO/EOP  
foley\_m @ a1 @ cd @ lngtwy  
Ann M. Cattalini/WHO/EOP  
James C. Murr/OMB/EOP  
James J. Jukes/OMB/EOP  
Janet R. Forsgren/OMB/EOP  
Steven J. Kelman/OMB/EOP  
holstein\_e @ a1 @ cd @ lngtwy  
Ingrid M. Schroeder/OMB/EOP  
Jeffrey A. Weinberg/OMB/EOP  
brown\_ja @ a1 @ cd @ lngtwy  
Constance J. Bowers/OMB/EOP  
Anna M. Briatico/OMB/EOP  
Robert J. Pellicci/OMB/EOP  
Alison C. Perkins/OMB/EOP  
E. Holly Fitter/OMB/EOP  
Annette E. Rooney/OMB/EOP  
weinstein\_d @ a1 @ cd @ lngtwy  
Stacey L. Rubin/WHO/EOP  
Philip R. Dame/OMB/EOP  
Phebe N. Vickers/OMB/EOP  
Barbara Chow/WHO/EOP  
walker\_a @ a1 @ cd @ lngtwy  
Todd Stern/WHO/EOP  
Sylvia M. Mathews/WHO/EOP  
John Podesta/WHO/EOP  
Nancy L. Brandel/OMB/EOP  
Elizabeth M. Toohey/WHO/EOP  
Douglas B. Sosnik/WHO/EOP  
Shelley N. Fidler/CEQ/EOP  
Janet Himler/OMB/EOP  
Daniel C. Tate/WHO/EOP  
Phillip Caplan/WHO/EOP  
Anita Chellaraj/OMB/EOP  
Nicholas B. Kirkhorn/WHO/EOP  
Lucia A. Wyman/WHO/EOP  
Alphonse J. Maldon/WHO/EOP  
Robert J. Nassif/OMB/EOP  
Melinda D. Haskins/OMB/EOP  
Robert S. Fairweather/OMB/EOP  
Janet E. Irwin/OMB/EOP  
James B. Kazel/OMB/EOP  
John A. Gribben/OMB/EOP  
mckiernan\_k @ a1 @ cd @ lngtwy  
April K. Mellody/WHO/EOP  
Mark A. Weatherly/OMB/EOP  
Ananias Blocker III/WHO/EOP  
Richard A. Mertens/OMB/EOP  
Ben A. Freeland/WHO/EOP  
Peter G. Jacoby/WHO/EOP  
levin\_p @ a1 @ cd @ lngtwy  
Kate P. Donovan/OMB/EOP  
Angus S. King/WHO/EOP  
oliver\_a @ a1 @ cd @ lngtwy  
abramson\_k @ a1 @ cd @ lngtwy  
Linda Lance/CEQ/EOP  
Justine F. Rodriguez/OMB/EOP  
Julie E. Mason/WHO/EOP  
Mary Jo Siclari/OMB/EOP  
Barry J. Toiv/WHO/EOP



hogan\_1 @ a1 @ cd @ lngtwy  
Toni S. Hustead/OMB/EOP  
Russell W. Horwitz/OPD/EOP  
Elena Kagan/OPD/EOP  
Eugene M. Ebner/OMB/EOP  
Steven D. Aitken/OMB/EOP  
Robert S. Dotson/OMB/EOP  
David H. Morrison/OMB/EOP  
Rodney G. Bent/OMB/EOP  
Bruce K. Sasser/OMB/EOP  
Jack D. Fellows/OMB/EOP  
Gary L. Bennethum/OMB/EOP  
Keith J. Fontenot/OMB/EOP  
Larry R. Matlack/OMB/EOP  
Robert M. Shireman/OPD/EOP  
Richard J. Turman/OMB/EOP  
Louisa Koch/OMB/EOP  
David E. Tornquist/OMB/EOP  
David J. Haun/OMB/EOP  
Francis S. Redburn/OMB/EOP  
Harry G. Meyers/OMB/EOP  
Edward A. Brigham/OMB/EOP  
Edward M. Rea/OMB/EOP  
Andrew M. Schoenbach/OMB/EOP  
Alice E. Shuffield/OMB/EOP  
Jill M. Pizzuto/OMB/EOP  
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Michael W. Williams/WHO/EOP  
Anne H. Lewis/OPD/EOP  
Peter R. Orszag/OPD/EOP  
Jake Siewert/OPD/EOP  
Charles R. Marr/OPD/EOP  
Kathryn B. Stack/OMB/EOP  
Rhodia D. Ewell/OMB/EOP  
Ricardo M. Gonzales/WHO/EOP  
Alecia Ward/OMB/EOP  
Laura S. Marcus/WHO/EOP  
Mathew C. Blum/OMB/EOP  
Steven L. Schooner/OMB/EOP  
Michael Deich/OMB/EOP  
Collin Brown III/OMB/EOP  
Janie L. Jeffers/OMB/EOP  
Joseph M. Wire/OMB/EOP  
Arecia A. Grayton/OMB/EOP  
Melissa N. Benton/OMB/EOP  
Carol Thompson-Cole/OMB/EOP  
Lewis P. Long/OMB/EOP  
Kenneth L. Schwartz/OMB/EOP  
Ronald K. Peterson/OMB/EOP  
Kristen E. Panerali/OPD/EOP  
Jennifer Ferguson/OMB/EOP  
Rosemary Evans/OMB/EOP  
Gordon Adams/OMB/EOP  
Lawrence J. Haas/OMB/EOP  
M. Jill Gibbons/OMB/EOP  
Ronald E. Jones/OMB/EOP  
Melissa Y. Cook/OMB/EOP  
Paul J. Weinstein Jr./OPD/EOP  
Barry White/OMB/EOP  
Kevin S. Moran/WHO/EOP  
Christopher F. Walker/WHO/EOP  
Maryanne B. Green/OMB/EOP

Stephen B. Silverman/WHO/EOP  
Bruce N. Reed/OPD/EOP  
Patricia A. Smith/OMB/EOP  
Robert Donnelly/OMB/EOP  
Nancy E. Schwartz/OMB/EOP  
Gene B. Sperling/OPD/EOP  
Michelle A. Denton/CEQ/EOP  
Wesley P. Warren/CEQ/EOP  
Jason S. Goldberg/WHO/EOP  
christopher r. ulrich/ovp @ ovp  
eric r. anderson/ovp @ ovp

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Elena Kagan ( CN=Elena Kagan/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME:30-JUL-1997 20:10:11.00

SUBJECT: Re: civil rights etc.

TO: Thomas L. Freedman ( CN=Thomas L. Freedman/OU=OPD/O=EOP @ EOP [ OPD ] )

READ:UNKNOWN

TEXT:

perfect. my only addition (and it may not be an addition) is that the access piece should focus on Calif and Texas (though of course it would be great if other univ systems would adopt the same kinds of mechanisms).

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Elena Kagan ( CN=Elena Kagan/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME:30-JUL-1997 14:13:46.00

SUBJECT: Re: waters

TO: Diana Fortuna ( CN=Diana Fortuna/OU=OPD/O=EOP [ OPD ] )

READ:UNKNOWN

TEXT:

I do want to reschedule. I thought we had made that clear to them and were waiting to hear back. is that not right?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Elena Kagan ( CN=Elena Kagan/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME:30-JUL-1997 14:16:20.00

SUBJECT: hopwood/209

TO: William R. Kincaid ( CN=William R. Kincaid/OU=OPD/O=EOP @ EOP [ OPD ] )  
READ:UNKNOWN

TO: Thomas L. Freedman ( CN=Thomas L. Freedman/OU=OPD/O=EOP @ EOP [ OPD ] )  
READ:UNKNOWN

TEXT:

Have you put together an interagency meeting (ED/DOJ) on this subject yet? I think I'd like to attend. Let me know what you're doing. Thanks.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Elena Kagan ( CN=Elena Kagan/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME:30-JUL-1997 14:19:20.00

SUBJECT: civil rights etc.

TO: Thomas L. Freedman ( CN=Thomas L. Freedman/OU=OPD/O=EOP @ EOP [ OPD ] )  
READ:UNKNOWN

TEXT:

You and/or Mary should insert yourself into DOJ's process on a new hate crimes law. (We may want to unveil this at the hate crimes conference if we haven't been forced by legislative events to do so earlier.) The person to call at DOJ is David Ogden. The only person from the WH who has been paying attention to this issue is Richard Socarides. Many thanks.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Elena Kagan ( CN=Elena Kagan/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME:30-JUL-1997 20:19:37.00

SUBJECT: Re: What can we say re: FICA/EITC discussions

TO: Cynthia A. Rice ( CN=Cynthia A. Rice/OU=OPD/O=EOP @ EOP [ OPD ] )

READ:UNKNOWN

CC: Diana Fortuna ( CN=Diana Fortuna/OU=OPD/O=EOP [ OPD ] )

READ:UNKNOWN

CC: Bruce N. Reed ( CN=Bruce N. Reed/OU=OPD/O=EOP [ OPD ] )

READ:UNKNOWN

TEXT:

Is that a bit too forward-leaning? After all, we (or at least our democratic hill friends) weren't willing to do this yesterday unless we got a couple of things in return.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Elena Kagan ( CN=Elena Kagan/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME:30-JUL-1997 16:26:53.00

SUBJECT: Re: civil rights etc.

TO: Thomas L. Freedman ( CN=Thomas L. Freedman/OU=OPD/O=EOP @ EOP [ OPD ] )

READ:UNKNOWN

TEXT:

you're wonderful.



RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Elena Kagan ( CN=Elena Kagan/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME:31-JUL-1997 11:19:49.00

SUBJECT: ANGUS KING Farewell Party

TO: Laura Emmett ( CN=Laura Emmett/OU=WHO/O=EOP @ EOP [ WHO ] )

READ:UNKNOWN

TEXT:

Unable to convert ARMS\_EXT:[MESSAGE.D79]MAIL49091411S.216

The following is a HEX dump of the file:

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Elena Kagan ( CN=Elena Kagan/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME: 31-JUL-1997 19:58:33.00

SUBJECT: Re: Moving

TO: Robert W. Schroeder ( CN=Robert W. Schroeder/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ: UNKNOWN

TEXT:

of course; just let me know what's convenient.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Elena Kagan ( CN=Elena Kagan/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME:31-JUL-1997 20:01:05.00

SUBJECT: Re: Veto threats

TO: Lawrence J. Haas ( CN=Lawrence J. Haas/OU=OMB/O=EOP @ EOP [ OMB ] )

READ:UNKNOWN

TEXT:

That's fine; no problem

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Elena Kagan ( CN=Elena Kagan/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME:31-JUL-1997 11:23:24.00

SUBJECT: Workfare, the Govs, and Employment Taxes

TO: Diana Fortuna ( CN=Diana Fortuna/OU=OPD/O=EOP [ OPD ] )

READ:UNKNOWN

TO: Cynthia A. Rice ( CN=Cynthia A. Rice/OU=OPD/O=EOP @ EOP [ OPD ] )

READ:UNKNOWN

TEXT:

guess there's no use arguing over this any more!!!

----- Forwarded by Elena Kagan/OPD/EOP on 07/31/97 11:22  
AM -----

Barry White

07/31/97 09:20:31 AM

Record Type: Record

To: Elena Kagan/OPD/EOP, Cynthia A. Rice/OPD/EOP

cc: Larry R. Matlack/OMB/EOP, Keith J. Fontenot/OMB/EOP

Subject: Workfare, the Govs, and Employment Taxes

See the remarks attributed to Bruce re hanging FICA, FUTA, etc on to an  
approps bill. True that the White House supports this? on Labor/HHS/ED?

----- Forwarded by Barry White/OMB/EOP on 07/31/97 09:19  
AM -----

Larry R. Matlack 07/31/97 08:56:00 AM

Record Type: Record

To: See the distribution list at the bottom of this message

cc:

Subject: Workfare, the Govs, and Employment Taxes

----- Forwarded by Larry R. Matlack/OMB/EOP on 07/31/97  
08:53 AM -----

No. 147

Thursday July 31, 1997

Tax, Budget & Accounting

Employment Taxes

Governors Will Push Congress to Enact

Tax Exemptions for Workfare Employers

LAS VEGAS, Nev.--The nation's governors said July 30 they hope to use  
their united influence to urge Congress to append the budget deal to  
include exemptions for employers who hire workfare participants.

"We're going to continue to work [with Congress] on part of it, the only  
part that still gives us a problem," said Nevada Gov. Bob Miller (D), who  
stepped down as chair of the National Governors' Association.

'Most of use have no objection to the minimum wage part of it, and that's a big part,' Miller said. He passed the chairmanship of the organization on to Ohio Gov. George Voinovich (R).

The governors do have a problem with employers who hire workfare recipients being subject to 'some of the onerous aspects' of the Fair Labor Standards Act, Voinovich said.

During the 89th annual meeting of the NGA in Las Vegas, the governors reached a consensus on their own differences on workfare exemptions. Delaware Gov. Thomas R. Carper (D), new vice chair of the organization, said he regretted that the governors forged an agreement too late in the budget negotiation process to have an impact.

He said governors hope to wield their influence in the remaining days of the current congressional session.

#### Workfare Recipients Not Like Regular Employees

Carper spelled out the governors consensus, saying the states agreed workfare recipients should be paid the minimum wage. However, he said, governors felt workfare recipients should not be treated as regular employees with respect to Federal Insurance Contributions Act withholding taxes, unemployment taxes.

Also, he said, 'they should not be eligible for the earned income tax credit.' Coupled with the minimum wage, extending the earned income tax credit to workfare workers would mean employers would be paying them as much as \$7 an hour, Carper said.

Carper told BNA a consensus is emerging among the governors on how workfare recipients meet the minimum requirement of 25 hours worked a week in the second year of work and 30 hours of work in the third year.

The governors also discussed whether job search time and vocational training could be credited toward the minimum, Carper said.

Carper said Bruce Reid, adviser to President Bill Clinton on domestic policy, was hopeful the states could append the governor's concerns in the appropriations bill.

Voinovich said the White House and Congress are aware of the governors' concerns and 'will be responsive to our suggestions on how to fix the problem.'

'Perhaps some of the members of Congress don't realize how important this is to us,' he said. 'We are real concerned about truly reforming our welfare system from a way of life to a way of work.'

Miller stressed that governors' concerns about FLSA exemptions should be weighed against the fact that states came out well in the budget agreement.

'This agreement contains an enormous amount of suggestions of the governors,' he said. He noted that governors had unusual access to the process, a few of them having met with the budget conferees last week in Washington, D.C.

'The deal is overwhelmingly positive for the states,' he added.

By Tripp Baltz

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Message Sent

To:

Barry White/OMB/EOP  
Keith J. Fontenot/OMB/EOP  
Maureen H. Walsh/OMB/EOP  
Jeffrey A. Farkas/OMB/EOP  
Janet Himler/OMB/EOP

Lisa M. Kountoupes/OMB/EOP  
Debra J. Bond/OMB/EOP

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Elena Kagan ( CN=Elena Kagan/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME:31-JUL-1997 12:38:53.00

SUBJECT:

TO: Thomas L. Freedman ( CN=Thomas L. Freedman/OU=OPD/O=EOP @ EOP [ OPD ] )

READ:UNKNOWN

TEXT:

I love these magazine things. could you get me the barbara ehrenreich  
article on welfare privatization? thanks.

# Withdrawal/Redaction Marker

## Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. email	Elena Kagan to Laura Emmett re: Personal (2 pages)	07/31/1997	Personal Misfile

### COLLECTION:

Clinton Presidential Records  
Automated Records Management System (Email)  
OPD ([From Elena Kagan])  
OA/Box Number: 250000

### FOLDER TITLE:

[07/29/1997 - 08/02/1997]

2009-1006-F  
db1588

### RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

Freedom of Information Act - [5 U.S.C. 552(b)]

P1 National Security Classified Information [(a)(1) of the PRA]  
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]  
P3 Release would violate a Federal statute [(a)(3) of the PRA]  
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]  
P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]  
P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

b(1) National security classified information [(b)(1) of the FOIA]  
b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]  
b(3) Release would violate a Federal statute [(b)(3) of the FOIA]  
b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]  
b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]  
b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]  
b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]  
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

C. Closed in accordance with restrictions contained in donor's deed of gift.  
PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).  
RR. Document will be reviewed upon request.



RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Elena Kagan ( CN=Elena Kagan/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME:31-JUL-1997 19:59:11.00

SUBJECT: Re: I give up

TO: DBF ( DBF @ wiggin.com @ INET @ LNGTWY [ UNKNOWN ] )

READ:UNKNOWN

TEXT:

Love to; what's good?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Elena Kagan ( CN=Elena Kagan/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME: 1-AUG-1997 15:12:34.00

SUBJECT: Re: native american issues

TO: Thomas L. Freedman ( CN=Thomas L. Freedman/OU=OPD/O=EOP @ EOP [ OPD ] )

READ:UNKNOWN

TEXT:

good idea. health and education. i think crime is pretty much covered.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Elena Kagan ( CN=Elena Kagan/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME: 1-AUG-1997 17:55:52.00

SUBJECT: MTV Diversity Poll & Conference Call

TO: Laura Emmett ( CN=Laura Emmett/OU=WHO/O=EOP @ EOP [ WHO ] )

READ:UNKNOWN

TEXT:

----- Forwarded by Elena Kagan/OPD/EOP on 08/01/97 05:55 PM -----

Michelle Crisci

08/01/97 04:57:22 PM

Record Type: Record

To: See the distribution list at the bottom of this message

cc:

Subject: MTV Diversity Poll & Conference Call

MTV would like to discuss thier new poll on diversity with the White House next week:

Geoff Garin has arranged for a conference call between Sylvia Matthew's office and MTV's people on Tuesday at 1:30 PM, if that time works for everyone.

In addition, Sylvia would like to hold a meeting on Monday, time TBD, to prepare for Tuesday's call.

Please let June Gayle or me know if you'll be able to attend the Tuesday call. Thanks.

Message Sent

To:

Elena Kagan/OPD/EOP

Maria Echaveste/WHO/EOP

Cheryl D. Mills/WHO/EOP

Minyon Moore/WHO/EOP

Marjorie Tarmey/WHO/EOP

Edward F. Hughes/WHO/EOP

Angelique Pirozzi/WHO/EOP

Sylvia M. Mathews/WHO/EOP

June G. Turner/WHO/EOP

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Elena Kagan ( CN=Elena Kagan/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME: 1-AUG-1997 21:05:28.00

SUBJECT:

TO: Jose Cerda III ( CN=Jose Cerda III/OU=OPD/O=EOP @ EOP [ OPD ] )

READ:UNKNOWN

TO: Paul J. Weinstein Jr. ( CN=Paul J. Weinstein Jr./OU=OPD/O=EOP @ EOP [ OPD ] )

READ:UNKNOWN

TEXT:

I asked Paul to do this one.

----- Forwarded by Elena Kagan/OPD/EOP on 08/01/97 09:05  
PM -----

Minyon Moore

08/01/97 08:56:06 PM

Record Type: Record

To: Jose Cerda III/OPD/EOP

cc: Elena Kagan/OPD/EOP, Jena V. Roscoe/WHO/EOP, Robert B. Johnson/WHO/EOP

Subject:

I spoke with Elena earlier and indicated to her that the President will be meeting with the Black Leadership Forum as a part of his ongoing outreach efforts on Tuesday, August 5, 1997. One question that will be raised is our initiatives in Urban Cities. In particular, that are interested in knowing what the President is doing to strengthen community based banks and community development banks. In addition, any Urban related talking points would be extremely helpful.

Can you provide us with some talking points to go in the President's briefing. The briefing is due on Monday and we need to get this information asap! Thanks.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Elena Kagan ( CN=Elena Kagan/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME: 2-AUG-1997 15:32:35.00

SUBJECT: Re: Latest latest on EITC and subsidized jobs/workfare

TO: Diana Fortuna ( CN=Diana Fortuna/OU=OPD/O=EOP [ OPD ] )

READ:UNKNOWN

TEXT:

I'm confused; did we fix this?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Elena Kagan ( CN=Elena Kagan/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME: 2-AUG-1997 19:29:39.00

SUBJECT: Re: Medicaid bucket

TO: Diana Fortuna ( CN=Diana Fortuna/OU=OPD/O=EOP [ OPD ] )

READ:UNKNOWN

TEXT:

Unbelievable. Everyone agrees we should do this, but we can't act because we disagree on the legal theory?? Where is this? There's no way we should be using a chit on it. Can't we just do it?

Diana Fortuna  
07/24/97 01:08:56 PM

Record Type: Record

To: Elena Kagan/OPD/EOP, Cynthia A. Rice/OPD/EOP

cc:

Subject: Medicaid bucket

HHS may want to raise the bucket as part of the technicals discussion Ron wants to have. Here's the story: for many months, HHS could only see their way clear to a partial fix of the bucket. Just as we were about to give up on this, Clay Shaw wrote a letter saying congressional intent was a 100% fix of the bucket. This caused HHS to go back to the drawing board (for months). They now see a way to do a 100% fix, but their legal theory conflicts with OMB counsel's theory, and for the moment it's stuck there.

So HHS wants to throw into the technical mix the possibility that Congress could clarify this issue, and they may raise it at our conference call tomorrow. OMB doesn't disagree. I don't see any downside, other than if we have to use a chit for it. But Haskins is on our side here, so it may not use a chit.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Elena Kagan ( CN=Elena Kagan/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME: 2-AUG-1997 19:12:36.00

SUBJECT: Re: POTUS Briefing Memo for McCain-Feingold Meeting

TO: Paul J. Weinstein Jr. ( CN=Paul J. Weinstein Jr./OU=OPD/O=EOP @ EOP [ OPD ] )

READ:UNKNOWN

TEXT:

Unable to convert ARMS\_EXT:[MESSAGE.D74]MAIL41939631S.216

The following is a HEX dump of the file:

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Elena Kagan ( CN=Elena Kagan/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME: 2-AUG-1997 19:26:55.00

SUBJECT: Re: Race policy meeting with agency folks

TO: Katherine Hubbard ( CN=Katherine Hubbard/OU=WHO/O=EOP @ EOP [ WHO ] )

READ:UNKNOWN

TEXT:

If you mean with the full set of agency contact people, no. But we've started meeting in particular issue areas with the agency people who know those areas. It might be helpful to do a full meeting with the agency contacts so they know everything we're up to (including with people in their own agencies). What do you and Goody think?



RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Elena Kagan ( CN=Elena Kagan/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME: 2-AUG-1997 18:12:43.00

SUBJECT: Re: SSI

TO: Sylvia M. Mathews ( CN=Sylvia M. Mathews/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

Diana Fortuna ( CN=Diana Fortuna/OU=OPD/O=EOP [ OPD ] )  
READ:UNKNOWN

TEXT:

Stein has some ideas that seem very reasonable about informing families losing SSI of their appeal rights, providing them with information on pro bono representation, allowing more good cause exceptions to appeals deadlines, etc. These should clearly be things that come from SSA rather than the White House; I would be reluctant to tell Stein even that we have asked SSA to look into them. But in fact, we have asked the key folks at SSA to take a hard look at these suggestions and to let us know what they think of them. In all honesty, we are unlikely to make real progress on these matters until Ken Apfel gets to SSA -- but Apfel will be great on issues like this.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Elena Kagan ( CN=Elena Kagan/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME: 2-AUG-1997 14:39:54.00

SUBJECT: contraceptive bill

TO: Jennifer L. Klein ( CN=Jennifer L. Klein/OU=OPD/O=EOP @ EOP [ OPD ] )  
READ:UNKNOWN

TO: Christopher C. Jennings ( CN=Christopher C. Jennings/OU=OPD/O=EOP @ EOP [ OPD ] )  
READ:UNKNOWN

TEXT:

I have once again been asked about this. (I take it Sylvia and Ellen Lovell are both pushing it.) What's your final recommendation? Or should we all talk?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Elena Kagan ( CN=Elena Kagan/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME: 2-AUG-1997 19:11:45.00

SUBJECT: Re: POTUS Briefing Memo for McCain-Feingold Meeting

TO: Paul J. Weinstein Jr. ( CN=Paul J. Weinstein Jr./OU=OPD/O=EOP @ EOP [ OPD ] )

READ:UNKNOWN

TEXT:

It is indeed. What is the President going to say when McCain makes his pitch? And what will McCain do assuming both we and Feingold resist his proposal?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Elena Kagan ( CN=Elena Kagan/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME: 2-AUG-1997 19:23:58.00

SUBJECT: Re: Possible Heroin chic event

TO: Thomas L. Freedman ( CN=Thomas L. Freedman/OU=OPD/O=EOP @ EOP [ OPD ] )

READ:UNKNOWN

TEXT:

So what IS their response?

[illegible]

August 2, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed  
Elena Kagan

SUBJECT: DPC Weekly Report

**1. Health -- Budget Bill:** We are very pleased with the health provisions in the budget agreement, especially the children's health package. After your statement at the NGA about the importance of a strong benefits package, we were able to secure a provision requiring States to choose from one of four packages: (1) the FEHBP model; (2) the benefits package of the most popular state HMO; (3) the state employee plan; and (4) the actuarial equivalent of any of the above three packages, provided it offers the same or better benefits for vision, hearing, mental health, and prescription drugs. In the overwhelming majority of states, this provision will ensure that children receive a strong package of benefits, including vision, hearing, mental health, and prescription drug services. During final negotiations, we also succeeded in inserting several provisions that give further assurance that states will use the new funds to cover uninsured children, rather than to supplant existing funding. In the days following the agreement, newspapers quoted (among others) the General Counsel of the Children's Defense Fund as saying that the initiative will do "extraordinary good for millions of children" and the President of the American Academy of Pediatrics as saying that the package represented an "extraordinary commitment" to children's health care. We are now working on an implementation strategy to encourage and assist states to use the new investment to cover as many uninsured children as possible.

**2. Health -- Diabetes Announcement:** You are scheduled to announce on Friday -- probably with Speaker Gingrich -- new investments in the budget relating to diabetes. These investments include: \$150 million over five years for Type I diabetes research (most common in children); \$150 million for diabetes prevention, treatment, and research in the Native American population (the diabetes rate among Native Americans is nearly 3 times the national rate); and a new Medicare benefit for diabetes prevention. The American Diabetes Association (ADA) has said that this new package of investments is the most significant development for diabetes since insulin was discovered in the 1920s. You are also scheduled to announce a new collaborative effort between HCFA, ADA, and the National Committee on Quality Assurance to develop new standards of care for diabetes. Diabetes experts believe that this collaborative effort will help to improve care significantly for diabetics.

**3. Health -- Medicare Fraud:** We are preparing for the release next week of new initiatives responding to the recent finding that the Medicare program lost \$23 billion last year due to overpayments, fraud, and abuse. We hope to be able to announce that HCFA is immediately halting

payments to providers identified in the report as committing fraud and that HCFA is undertaking comprehensive audits of providers identified as potentially defrauding the government. We also will announce a new quarterly report by HHS and DOJ on all fines, decertifications, and ongoing investigations of fraud and a new award for state and local governments and other organizations that have made outstanding efforts to eliminate fraud and abuse. Last, but most important, we suggest that when you sign the budget bill into law, you highlight the significant anti-fraud provisions that it contains.

**4. Welfare -- Budget Bill:** The final welfare provisions of the budget bill prompted a front-page New York Times headline declaring "In Budget Bill, President Wins Welfare Battle." First, the bill guarantees Medicaid and SSI benefits to legal immigrants on the rolls in August 1996 and to legal immigrants residing in the U.S. on that date who have since become -- or in the future become -- disabled. Second, the bill includes a \$3 billion welfare-to-work program, which has all the critical components of our original proposal: it establishes DOL as the administering agency; routes formula money through Private Industry Councils, thereby giving mayors effective control over its distribution; contains a fairly sizable competitive grant fund; allows the funds to be spent on a wide range of programs; targets funds to the hardest-to-place welfare recipients; and contains string anti-displacement provisions. Third, the bill contains a good welfare-to-work tax credit, which gives companies that hire long-term recipients a credit for 35% of wages up to \$10,000 for the first year and 50% for the second year.

Fourth, the bill continues Medicaid coverage for children who will lose SSI under the new definition of childhood disability contained in the welfare law. Fifth, we successfully thwarted Republican attempts to exempt welfare recipients from the FLSA and other worker protection laws (though we did agree to a provision that benefits received by working welfare recipients would not qualify as wages for purposes of the EITC in exchange for improvements to the child tax credit). Sixth, we avoided any provision allowing privatization of Medicaid and Food Stamp operations after Governor Bush rejected our compromise offer for Texas to run a substate demonstration covering up to 50% of recipients.

The best analysis of the welfare provisions may come from usually devoted supporters of the Republican Party. Robert Rector of the Heritage Institute told the Washington Post that "the Republicans appear to have capitulated on almost every welfare issue." And Michael Tanner of the Cato Institute told the New York Times that "the President got everything he wanted and then some."

The Republicans have made clear that they intend to return to the issue of how worker protection laws apply to welfare recipients, perhaps on the Labor-HHS appropriations bill. In final budget discussions, we indicated some willingness to exempt welfare recipients from FICA and FUTA, and we can offer that compromise again in a future battle. We also may not have seen the last of the privatization issue; House Republicans were upset at Governor Bush for declining the compromise we had offered, and they may take another run at getting some state (perhaps Wisconsin) a demonstration project. While awaiting these battles, we will work closely with DOL on getting the new welfare-to-work program up and running.

**5. Welfare -- Proposed High Performance Bonus:** You asked last week whether we like the formula HHS has proposed to distribute the welfare law's \$1 billion performance bonus fund. The short answer is that we do. The proposal, which HHS developed after extensive consultations with the NGA and APWA, would reward states based on whether welfare recipients are getting jobs, how long they keep those jobs, and whether their earnings increase from year to year. The proposal also takes account of success in the critically important task of reducing teen births. States have raised two concerns about the proposal. First, a few state welfare officials -- led by Wisconsin -- have insisted that a simple formula based on caseload reduction is preferable, because it gives welfare caseworkers a clear goal that they can work towards. But a formula of this kind would not look at what happens to people after they leave welfare, thus making no distinction between states that prepare people for self-sufficiency and states that simply remove them from the rolls. In addition, a number of states have complained about HHS's proposal to use unemployment insurance records, instead of welfare agency records, to measure performance in employment, job retention, and earnings progression. HHS is convinced, however, that the unemployment insurance data, which employers themselves provide, will be more objective and more accurate.

**6. Education -- National Testing Initiative:** Rep. Goodling intends to offer an amendment to the Labor-HHS appropriations bill in September that would prohibit the Education Department from spending any FY 1998 funds on the development or administration of national tests. We thought the vote would be held last week and worked hard to mobilize supporters of the testing initiative -- including the AFT, NEA, Business Roundtable, National Alliance of Businesses, Chief State School Officers, and Council of Great City Schools -- to contact members. But if the vote had been held last week, we might well have lost. While Democratic support was generally strong (with the exception of the Hispanic Caucus, discussed below), we would have held very few Republican votes. Even Rep. Riggs and Rep. Livingston, who originally were inclined to oppose the Goodling amendment, shifted their position later in the week, in part because of strong pressure from right wing groups, home schoolers, Lynn Cheney, and others.

The Hispanic Caucus has suggested that it might vote en bloc with Mr. Goodling. Members of the caucus object to our current intent to provide the 4th grade reading test only in English. They have asked the Department of Education to create a Spanish language version of the test that students with limited English proficiency could take instead. We are continuing to consult with members of the Caucus and are exploring ways of addressing their concerns, while maintaining our position that students should be expected to read in English.



# Withdrawal/Redaction Marker

## Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
002. email	Elena Kagan to Todd Stern re: Twofer (1 page)	08/02/1997	P6/b(6)

### **COLLECTION:**

Clinton Presidential Records  
Automated Records Management System (Email)  
OPD ([From Elena Kagan])  
OA/Box Number: 250000

### **FOLDER TITLE:**

[07/29/1997 - 08/02/1997]

2009-1006-F  
db1588

### **RESTRICTION CODES**

#### **Presidential Records Act - [44 U.S.C. 2204(a)]**

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

#### **Freedom of Information Act - [5 U.S.C. 552(b)]**

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Elena Kagan ( CN=Elena Kagan/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME: 2-AUG-1997 18:23:06.00

SUBJECT: Re: Abortion Memo

TO: Tracey E. Thornton ( CN=Tracey E. Thornton/OU=WHO/O=EOP @ EOP [ WHO ] )

READ:UNKNOWN

TEXT:

did you ever do your piece of this? or did you give it up as too stupid?

Tracey E. Thornton

07/07/97 10:43:01 AM

Record Type: Record

To: Elena Kagan/OPD/EOP

cc:

Subject: Re: Abortion Memo

nope, i don't have anything from robin and my piece is just going to be legislative status. you were supposed to write about what we can do on other women-related issues outside of abortion to move the debate.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Elena Kagan ( CN=Elena Kagan/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME: 2-AUG-1997 15:09:44.00

SUBJECT: radioactive iodine study

TO: DRYE\_E ( DRYE\_E @ A1 @ CD @ LNGTWY [ UNKNOWN ] ) (OPD)

READ:UNKNOWN

TEXT:

How does this new study relate (if at all) to our previous radiation initiative? What should we be doing on it, if anything?

http://172.28.127.30:8082/ARMS/servlet/getEmailArchive?URL PATH=/nlcp-2/Arms404/opd/O... 4/20/2009

## **Crime Meeting Agenda**

### **July 23, 1997**

#### **Juvenile Justice Bill Update**

- \* Senate Markup-- continuing this afternoon and tomorrow.
- \* Update on amendments.
- \* Leahy amendment and COPS/Prosecutors amendment

#### **Brady Follow Up**

- \* DPC will hold follow up meeting with WH, Treasury, Justice on next steps.
- \* Housing reg issue

#### **Youth Crime Gun Initiative**

- \* Press rehash
- \* DPC to form work group to follow up

#### **Crack Cocaine**

- \* Follow up on yesterday's leak.

#### **Sex Offenders**

- \* Wetterling: McCollum's bill on Wetterling attached to House Commerce-Justice approps bill. Contains language similar to our federal and military sex offender directive.
- \* Possible sex offender announcement:
  - 1) Directive on federal and military sex offenders
  - 2) POTUS letter to Governors
    - Note: AG sent letter to Governors on registry on June 16
    - States entering info into national registry: AZ, GA, OK, SC, TX, WY
  - 3) Transmit legislation to Hill on Interstate Index compact-- facilitates exchange of criminal histories for non-criminal justice purposes (c.g., employment of day care workers, bus drivers)

#### **Taggants Report**

- \* Treasury: When is this going to the Hill?

#### **International Crimes**

- \* Justice: what is this bill and what is proposal for rollout?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Elena Kagan ( CN=Elena Kagan/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME: 2-AUG-1997 14:43:47.00

SUBJECT: millenium

TO: Thomas L. Freedman ( CN=Thomas L. Freedman/OU=OPD/O=EOP @ EOP [ OPD ] )

READ:UNKNOWN

CC: Bruce N. Reed ( CN=Bruce N. Reed/OU=OPD/O=EOP [ OPD ] )

READ:UNKNOWN

TEXT:

Ellen Lovell, who is heading up the "millenium project" asked me to appoint a dpc staff member to paticipate in her process. I thought you'd be the best person. Let me know if you're too busy; otherwise, let's talk briefly next week and I'll download everything I know to you.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Elena Kagan ( CN=Elena Kagan/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME: 2-AUG-1997 19:17:34.00

SUBJECT: Re: Empowerment Zone Round II

TO: Paul J. Weinstein Jr. ( CN=Paul J. Weinstein Jr./OU=OPD/O=EOP @ EOP [ OPD ] )

READ:UNKNOWN

CC: Bruce N. Reed ( CN=Bruce N. Reed/OU=OPD/O=EOP [ OPD ] )

READ:UNKNOWN

TEXT:

Is there any way to compress the process so that we can designate the EZs in July 1998? I believe that's the last month of the race initiative.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Elena Kagan ( CN=Elena Kagan/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME: 2-AUG-1997 14:30:46.00

SUBJECT: weekly

TO: Diana Fortuna ( CN=Diana Fortuna/OU=OPD/O=EOP [ OPD ] )

READ:UNKNOWN

TO: Cynthia A. Rice ( CN=Cynthia A. Rice/OU=OPD/O=EOP @ EOP [ OPD ] )

READ:UNKNOWN

Bruce N. Reed ( CN=Bruce N. Reed/OU=OPD/O=EOP [ OPD ] )

READ:UNKNOWN

TEXT:

1. Bruce wasn't so sure he agreed with the HHS performance bonus proposal; he said it sounded pretty complicated to him. One of you should make sure to hook up with him next week so that we can put an entry into the weekly. The paragraph I put in (but then took out) for this week is below.

2. We also still need an answer to the President's other question (on the CEA report) and a report on the new New York welfare plan (also, has California just come to an agreement?)

3. Finally, the child support answer, whether by memo (as Cynthia suggested) or weekly entry. (On thinking about this, I suspect we're not ready to write a memo containing a definitive answer and that we should do a weekly entry describing a process for looking at this issue -- but perhaps I'll see that I'm wrong when I read the memo.)

Many thanks.

Welfare -- Proposed High Performance Bonus: You asked last week whether we like the formula HHS has proposed to distribute the welfare law's \$1 billion performance bonus fund. The short answer is that we do. The proposal, which HHS developed after consultations with the NGA and APWA, would reward states based on whether welfare recipients are getting jobs, how long they keep those jobs, and whether their earnings increase from year to year. The proposal also takes account of success in reducing teen births. States have raised two concerns about the proposal. First, a few state welfare officials -- led by Wisconsin -- have insisted that a simple formula based on caseload reduction is preferable, because it gives welfare caseworkers a clear goal that they can work towards. But a formula of this kind would not look at what happens to people after they leave welfare, thus making no distinction between states that prepare people for self-sufficiency and states that simply remove them from the rolls. In addition, a number of states have complained about HHS's proposal to use unemployment insurance records, instead of welfare agency records, to measure performance in employment, job retention, and earnings progression. HHS is convinced, however, that the unemployment insurance data, which employers themselves provide, will be more objective and more accurate.



RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Elena Kagan ( CN=Elena Kagan/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME: 2-AUG-1997 18:02:52.00

SUBJECT: Re: Mtg. w/the Chief of Staff this week

TO: Christa Robinson ( CN=Christa Robinson/OU=OPD/O=EOP @ EOP [ OPD ] )

READ:UNKNOWN

TO: Jose Cerda III ( CN=Jose Cerda III/OU=OPD/O=EOP @ EOP [ OPD ] )

READ:UNKNOWN

TEXT:

Just a reminder that you should try to set up a meeting after the convention. Thanks.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Elena Kagan ( CN=Elena Kagan/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME: 2-AUG-1997 18:27:30.00

SUBJECT: Re: Cardin Amendment

TO: William R. Kincaid ( CN=William R. Kincaid/OU=OPD/O=EOP @ EOP [ OPD ] )  
READ:UNKNOWN

TEXT:

what ever happened to this amendment??

William R. Kincaid  
07/08/97 12:23:26 PM  
Record Type: Record

To: See the distribution list at the bottom of this message  
cc: Robert M. Shireman/OPD/EOP  
Subject: Cardin Amendment

Below is my cut at the substance of what we agreed to at yesterday's Ed Strategy meeting as a possible substitute for the Cardin amendment. Please let me know if this strikes you as a sensible approach and whether it accurately captures what we discussed. It would be particularly helpful to get your feedback on the bracketed portions, which I don't think we really addressed yesterday, and which differ from Cardin's approach. I will separately circulate this to Mike Smith and others at Education for their reactions.

If folks agree that this is basically on the mark, I also need guidance on next steps. I think drafters would need to put this more in the form of legislative specs. Education would need to be involved, especially because this is designed to parallel key aspects of Title I and take into account *Agostini v. Felton*. On the other hand, because it is tax legislation, presumably Treasury needs to be involved at some point, as well. I can imagine ED taking a first cut, and then passing over to Treasury, but what do others think? And once that is settled, who should take the lead in shopping this with Cardin?

Thanks.

ROUGH DRAFT -- July 8, 1997

An Amendment to Allow a Tax Credit for Costs and Fees Paid for  
Supplementary Educational Services for Children  
[possible substitute for Cardin]

Credit would be for up to [\$150 or 50% of the costs incurred, whichever is less--Cardin amount] per year per child ages 6-18, enrolled as a full time elementary or secondary school student

Credit would be for costs and fees paid

Services provided must be supplementary to the basic educational program,

and can include extra help/tutoring in core academic subjects, including reading and math [that the student is studying in school] [as well as enrichment in arts, music etc.]; the credit is not available for regular tuition costs

Allowable services may not include college entrance test preparation

[Allowable services may not include sectarian instruction]

Services must be provided outside the regular school day, which can include before- or after-school, during summers, or on weekends

Services must be provided through a local school district, consistent with Title I

Consistent with Title I and the Supreme Court ,s ruling in Agostini vs. Felton , services may be provided at a public school or at another site (including private religious schools)

Consistent with Title I, services may be provided directly by the local school district, or under contract to the local school district

Note: Some districts currently provide after-school or summer services for free; others have elected to charge for them. In localities where the services are provided for free, there is no need for the tax credit because after-school services are already available. In localities where services are only available for a fee, the legislation would aid families that want extra services for their children. In communities where after-school tutoring is primarily provided in venues such as Boys and Girls Clubs, the school district could agree to contract with such organizations to provide the services. Where no services are currently offered, the tax credit may encourage districts to begin offering such services.

Because the services would be provided under the auspices of the local school district, there would be no need for any sort of certification process as envisioned in the Cardin legislation. Services could be provided through private organizations under contract to school districts to the same extent they can presently be provided under Title I.

Message Sent

To: \_\_\_\_\_

Bruce N. Reed/OPD/EOP

Elena Kagan/OPD/EOP

Michael Cohen/OPD/EOP

Ananias Blocker III/WHO/EOP

Kathryn B. Stack/OMB/EOP

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Elena Kagan ( CN=Elena Kagan/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME: 2-AUG-1997 18:49:20.00

SUBJECT: Erskine letter

TO: Diana Fortuna ( CN=Diana Fortuna/OU=OPD/O=EOP [ OPD ] )

READ:UNKNOWN

TO: Cynthia A. Rice ( CN=Cynthia A. Rice/OU=OPD/O=EOP @ EOP [ OPD ] )

READ:UNKNOWN

TEXT:

we need this letter asap. thanks.

----- Forwarded by Elena Kagan/OPD/EOP on 08/02/97 06:51  
PM -----

Karen C. Fahle

07/25/97 11:56:06 AM

Record Type: Record

To: Elena Kagan/OPD/EOP

CC:

Subject: Erskine letter

Hi Elena. I sent you a letter from Rep. Lucille Roybal-Allard last Tuesday as Erskine wanted a response prepared for him. The subject of the letter deals with the Family Violence Option. Is a letter in the works? Thanks.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Elena Kagan ( CN=Elena Kagan/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME: 2-AUG-1997 18:45:45.00

SUBJECT: Re: juvie markup update

TO: Jose Cerda III ( CN=Jose Cerda III/OU=OPD/O=EOP @ EOP [ OPD ] )

READ:UNKNOWN

TO: Leanne A. Shimabukuro ( CN=Leanne A. Shimabukuro/OU=OPD/O=EOP @ EOP [ OPD ] )

READ:UNKNOWN

TEXT:

Where are we going to be in early-mid September on after-school programs (in the juvie bill or in appropriations)? Is there anything we will/may be able to announce as part of a back-to-school initiative? (I'm sure you've given me info on this before, but I'm afraid it's completely gone out of my head.) Thanks.

Leanne A. Shimabukuro 07/24/97 12:09:35 PM

Record Type: Record

To: Jose Cerda III/OPD/EOP, Michelle Crisci/WHO/EOP, Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP

cc:

Subject: juvie markup update

A deal was cut last night --without consultation with Justice-- and the bill was favorably reported out of the Judiciary Committee this morning. The vote to report out bill was 12-6 with Feinstein and Torricelli voting in favor.

The only amendment voted on was the Specter prevention/intervention amendment which failed.

Accepted amendments:

- \* separation of juveniles and adults in custody.
- \* expansion of the purpose areas of the prosecutor funding in the bill (\$50 million) to allow for probation officers, and activities such as Operation Night Light in Boston.
- \* Grassley amendment on drug-free schools which originally would have kicked kids out of school for drugs and tobacco. Supposedly this is a substantially watered-down version but Justice has not yet seen.
- \* revocation of bill's provision to repeal the old prevention programs authorized in title V. Committee staff has promised to work with Kohl to insert prevention language in current appropriations bill. (Approps has \$75 million for our new DOJ anti-truancy initiative, which could be used to fund afterschool programs.)

No vote on Brady for juveniles. Hatch was planning to offer a second-degree to delay implementation until insta-check goes into effect. But this shouldn't have stopped the amendment from being offered in committee. Biden's amendments on prevention and increased funding for

prosecutors were also held for floor.

Justice will be sending over a summary of markup later today.